



KONGSBERG

200

# SUSTAINABILITY REPORT 2013

## SUSTAINABLE INNOVATION

Green shipping  
Maritime simulators  
Integrated Environmental Monitoring  
Wind power

## ABOUT THE REPORT

KONGSBERG GRUPPEN (KONGSBERG) is an international technology corporation that supplies reliable, advanced technological solutions that improve the reliability, safety and efficiency of complex operations and under extreme conditions. KONGSBERG collaborates with global customers in the defence, maritime, oil and gas, and aerospace industries.

The purpose of the report is to give stakeholders who are affected by or interested in our activities information about KONGSBERG's approach to sustainability and corporate social responsibility.

The report covers the period from 1 January 2013 to 31 December 2013, and addresses topics we feel are of importance to us and our stakeholders. Any significant events from 1 January 2014 to 27 March 2014 will also be discussed. All figures refer to the 2013 fiscal year.

### Changes in the reporting platform since the last report

Kongsberg Nemo with subsidiaries (about 150 employees) is included in the 2013 report. The same applies to Kongsberg Software and Service of Bangalore, India (about 135 employees). Neither of these companies was included in the 2012 report.

### Limitations of the report

The report deals only with companies in which KONGSBERG owns 50 per cent or

more. The environmental data includes all of our Norwegian units, as well as all our production units all over the world and the largest offices outside of Norway.

The information in the report is based on data obtained from different parts of the Group. Even though importance is attached to ensuring that the data is complete and correct, some of the information will be based on estimates.

### Process to define the content

The content of the report is largely defined based on what we have called "Areas of Focus for 2013–2014". "Human rights and workers' rights" has replaced "Stakeholder dialogue" as one of the five areas of focus for 2013–2014. This does not mean that "Stakeholder dialogue" is no longer important, but simply that we have increased

our focus on the topic of human rights and workers' rights during the reporting period. Areas of focus are a result of the targets and activities that are dealt with by the Group's "Forum for Sustainability and Corporate Social Responsibility" and identified by corporate executive management and, ultimately, by the Group's Board.

In this report, we have also chosen to discuss some examples of what we have called *sustainable innovation*. This builds up 'the perspective of opportunities' in the Group's Policy for Sustainability and Corporate Social Responsibility. The report is also formulated according to the principles in the Global Reporting Initiative (GRI), and we are affiliated with the UN Global Compact Initiative.

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The Sustainability Report is defined on the basis of the following parameters:



**White Paper no. 13 (2010–2011) – Active ownership**

The Norwegian state owns 50.001 per cent of the shares in the company. The State's stake is managed by the Ministry of Trade and Industry. The process we have used to define the content in the report means that we report according to the expectations imposed on us through the White Paper.



**Global Compact**

The Group has joined the UN Global Compact Initiative. Among other things, this means that we submit a report to the UN each year, describing our activities and the advances we have made in the field of sustainability and corporate social responsibility. The Group's Sustainability Report serves as such a report – a COP (Communication on Progress). We would submit that the report complies with Global Compact's criteria for 'Advanced Level'. For more details about the Global Compact, see their website at [www.unglobalcompact.org](http://www.unglobalcompact.org).



**Global Reporting Initiative (GRI)**

We have used GRI's guidelines for reporting on corporate social responsibility for several years. In 2013, GRI published a new version of its guidelines, at the same time as the earlier version can be applied until 2015. We have chosen to follow the previous version, GRI G3.1 for our reporting on 2013. Our reporting practice is, in our opinion, generally in alignment with GRI's reporting principles.

GRI version 3.1 uses a classification that indicates the extent to which a company applies GRI's definitions and disclosure requirements. KONGSBERG complies with the requirements for level B+. The '+' indicates that the report has been independently verified.

The basis for the indicators can be found directly in the text. The final pages of the report contain a reference to the individual GRI indicators and where they are discussed in the report.

For more details about GRI, see their website at [www.globalreporting.org](http://www.globalreporting.org).

		C	C+	B	B+	A	A+
Obligatory	Self-declared						
Optional	Independently verified				KONGSBERG		
	GRI verified						

**Amendments to the Norwegian Accounting Act**

The Storting has adopted legislative amendments that require that major enterprises report on corporate social responsibility either in the Directors' Report or in a separate report. The report is to include consideration for human rights, workers' rights and social conditions, the outdoor environment and anti-corruption activities. The reporting requirements entered into force on 1 June with effect from the fiscal year starting after 31 December 2012.

Special regulations state that companies that report in compliance with the UN Global Compact or Global Reporting Initiative (GRI) can use those reports to fulfil the mandatory CSR reporting requirement under the Norwegian Accounting Act for fiscal 2013.

We are of the opinion that the Sustainability Report for 2013 fully satisfies the requirements in the Norwegian Accounting Act for reporting on CSR.



**Board treatment**

The Group's Sustainability Report has, in its entirety, been reviewed and approved by Corporate Executive Management and the corporate Board of Directors.

**Independent verification**

For the fourth consecutive year, the report has been verified by a third party, the auditing company Deloitte. See the Auditor's Report on page 43.

## CEO WALTER QVAM

KONGSBERG is celebrating its bicentennial in 2014, which also marks the kick-off of the next 200 years of our history. In reaching such a milestone, we honour and recognise the accomplishments of one of the world's oldest high-technology companies, at the same time as we look to the future as we lay the foundation for the next 200 years of KONGSBERG's history. Sustainability and corporate social responsibility will be key to our further development.

In 2013, operating revenues totalled NOK 16.3 billion, up 4.3 per cent from 2012. KONGSBERG ended the year with an EBITDA margin of 13.1 per cent and a backlog valued at NOK 15.7 billion. We invested the equivalent of almost 10 per cent of our sales in product development. We have also intensified our CSR efforts throughout the Group.

KONGSBERG delivers solutions, products, services and systems to several industries and market segments. This leads to financial robustness and a valuable network of international customers. The Group also has a strong common core. Our business areas have many common denominators, including basic technology and expertise, shared fundamental values and common work processes. We see that our opportunities to draw on expertise and technology across the Group are growing.

### 200 years of corporate social responsibility

2014 marks a major milestone in KONGSBERG's history. Like Norway's Constitution, we are celebrating our bicentennial. Not many companies can look back on 200 years of continuous operations. We are both very proud of this and humbled by it. Our corporate social responsibility is to continue this unique history, passing on to coming generations a KONGSBERG that is even stronger and more vital than when we took over. To us, this is what sustainability and corporate social responsibility are all about.

### Stronger international presence

We continue to expand our international presence, with more focus on corporate social responsibility, including anti-corruption, workers' rights, human rights, climate challenges and the follow up of a sustainable supply chain.

### Value platform

The Group's value platform and the attitudes our values represent are the very essence of KONGSBERG's devotion to corporate social responsibility. An organisation characterised by wholesome attitudes promotes behaviour that means more than most regulations and procedures. In an increasingly more globalised competitive situation, where companies and products alike are becoming increasingly similar, a strong and visible corporate culture is vital for differentiation and market recognition. We expect value issues to be put on the agenda by management and key personnel and genuine follow up of individuals' behaviour. KONGSBERG's four values are:

### *Determined, Innovative, Collaborative, Reliable*

Besides specific activities associated with corporate social responsibility, like those described in this report, we work systematically to discuss and underpin the importance of our value platform in all parts of the organisation.

#### **Reliable (dependable, trustworthy)**

"Our customers and partners can count on KONGSBERG to deliver – always. Working with KONGSBERG means working with reliable individuals, a reliable enterprise and reliable products. KONGSBERG is a responsible organisation characterised by integrity and with respect for health, safety and the environment. We are reliable individuals. We are responsible members of society."

### **The UN Global Compact Initiative**

KONGSBERG joined the UN Global Compact in 2006. Since then, we have learned more about the topics covered by the initiative, both through direct contact and through national and Nordic networks. Each year, we draw up action plans and the principles in the Global Compact are the guiding principles for them. We will continue to support the important work done in association with the Global Compact.

### **Sustainable innovation**

Our ability to think new and innovate is absolutely essential if we are to continue this good corporate trend in the years ahead. As a technology enterprise, our most important contribution to the climate challenge and resource situation is to use our knowledge to develop products that can help address these challenges. This year's report discusses four examples of products we would describe as being representative of sustainable innovation.

### **Areas of focus 2013**

In 2013, KONGSBERG elected to focus on the following aspects of corporate social responsibility (see the detailed discussion on pages 16–20):

*Policy for Sustainability and Corporate Social Responsibility:* Our Policy for Sustainability and Corporate Social Responsibility and the principles in it are integrated into the Group's strategic and planning work. In this context, we emphasise

"Our business areas have many common denominators with a view to basic technology and expertise, shared fundamental values and common work processes. We see that our opportunities to draw on expertise and technology across the Group are growing."

**Walter Qvam, CEO**



that all growth and all strategic business-related decisions taken within the Group are to be firmly entrenched in a sustainable perspective.

*Anti-corruption:* The prevention of corruption is a matter that KONGSBERG takes very seriously. KONGSBERG has zero tolerance for corruption among its co-workers, consultants and business associates. As an enterprise with significant international activities, KONGSBERG has implemented a comprehensive anti-corruption programme, and high ethical standards are an integral part of our activities.

*Human rights and workers' rights:* During the year, we drew up routines for more systematic analysis, control, reporting and follow up of potential violations of these rights. The routines will be implemented in 2014.

*The climate challenge:* The UN's Intergovernmental Panel on Climate Change (IPCC), fifth report, part 1, emphasises the severity of ongoing climatic change. We are a modest player relative to emissions of greenhouse gases, but we are nonetheless taking initiatives to reduce our global footprint.

*Sustainability and corporate social responsibility in the supply chain:* Our suppliers are important contributors to our added value. Our target in this area is to get an overview of the risk associated with sustainability and corporate social responsibility in the supply chain, and to ensure that the risk is manageable through controls and measures.

#### **Charge, corruption case in Romania**

In February 2014, a charge was filed against Kongsberg Gruppen ASA and Kongsberg Defence & Aerospace AS, alleging corruption in conjunction with deliveries of com-

munications equipment to Romania from 1999 to 2008. KONGSBERG is cooperating closely with the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway to determine what actually happened, but it is expected that it will take time before the case is closed.

KONGSBERG has zero tolerance for corruption, and high ethical standards are an integral part of our business activities. KONGSBERG has spent years building up and further developing compliance rules and positions at the corporate level and in the business areas. Today's anti-corruption system is considered to maintain a good international level and has been found by independent parties to be a strong, robust system.

#### **Targets for 2014**

The targets for 2014 involve a continuation of the same areas of focus as in 2013. See pages 33–34 of the report for more details.

2014 will be yet another year characterised by opportunities and challenges for KONGSBERG. Throughout 2013, the Group further reinforced its market-related, technological and financial positions, giving us the very best point of departure to continue making progress in our main markets. We will actively continue our work with the further development of technology, products and systems that meet the extremely high standards required by our customers. As an integral part of this work, we will continue our focus on sustainability and corporate social responsibility.

**Walter Qvam,**  
Chief Executive Officer

## THIS IS KONGSBERG

KONGSBERG is an international, knowledge-based group that delivers high-technology systems and solutions to customers in the oil and gas industry, the merchant marine, defence and aerospace.

KONGSBERG's solutions and deliveries contribute to safer, more efficient operations at sea, on land and in outer space. Whether we are talking about defence, the merchant marine, the exploitation of oil and gas resources or fisheries resources, our products are of strategic importance in Norway and internationally. We also supply technological solutions for global challenges such as environmental monitoring and resource management.

### Organisation

The Group is divided into four business areas and a corporate services centre. The four business areas are Kongsberg Maritime, Kongsberg Oil & Gas Technologies, Kongsberg Defence Systems and Kongsberg Protech Systems.

The Corporate Centre provides staff and support functions to the business areas. The corporate staff has expertise in financial affairs, business development, investor relations, corporate law, corporate social responsibility, communication and HR.

### Ownership structure

Kongsberg Gruppen ASA is listed on the Oslo Stock Exchange and is subject to Norwegian securities legislation and stock exchange regulations. The Norwegian state owns 50.001 per cent of the shares in the company.

### Financial value added

KONGSBERG creates value in the areas and countries in which we operate. First, we create value for our customers through our products. Then we create value through the payment of dividends to owners and wages to employees, and indirectly by buying goods and services from suppliers. Value is also created through the importance we attach to research and development. See page 35 for a table about the financial value added.

### Corporate social responsibility

Corporate social responsibility is important to KONGSBERG. It is part of routine operations and the Group's business strategy.

KONGSBERG's international operations are significant. At the beginning of 2014, 36 (36) per cent of our employees worked outside of Norway, and 76 (78) per cent of the Group's sales took place outside the country's borders. This makes us an important player in many local communities the world over. That implies an obligation. Companies that engage in international activities have a special duty to ensure responsible operation.

We live in an era in which climate change, shortages of clean water and poverty are formidable global challenges. In addition, several countries are experiencing debt crises and instability. These challenges also affect KONGSBERG's activities, directly or indirectly.



KONGSBERG  
MARITIME

Kongsberg Maritime delivers positioning, surveillance, navigation and automation systems for merchant vessels and the offshore industry. The business area is a market leader in dynamic positioning, automation and surveillance systems, process automation, fisheries, satellite navigation and hydroacoustics, as well as material handling equipment for use on deck for offshore vessels.



KONGSBERG  
OIL & GAS  
TECHNOLOGIES

Kongsberg Oil & Gas Technologies delivers innovative solutions for oil and gas operations, including drilling, production and subsea development projects. The business area integrates software and services with physical products for improving oil production, efficiency, and health, safety and the environment.



Kongsberg Defence Systems is Norway's premier supplier of defence and aerospace-related systems. Its portfolio comprises products and systems for command and control, weapons guidance and surveillance, communications solutions and missiles. Kongsberg Defence Systems has expertise and production equipment to make advanced composite and engineering products for the aircraft, offshore and helicopter markets.



Kongsberg Protech Systems is one of the world's leading suppliers of remotely controlled weapons control systems. The business area's main products are the PROTECTOR Remote Weapon Station weapons control system. The system enhances safety and security for personnel in military vehicles. KONGSBERG is the world leader in this market.

## THE WORLD OF KONGSBERG

# Europe



### Norway

**Employees 4 741** • **Number of suppliers<sup>1)</sup> 3 023**  
**Value creation<sup>2)</sup> MNOK 10 211** • **Investments MNOK 254**

KONGSBERG is headquartered in Kongsberg. The Group's maritime operations are located in Kongsberg, Horten, Ulsteinvik, Sandefjord, and Trondheim. The facilities are engaged in development, production, testing, sales and service. Oil and gas activities are located in Asker, Lysaker, Hokksund, Horten, Kristiansand, Stavanger and Bergen. All these places engage in sales, product development, project deliveries and service.

Defence activities are mainly located in Kongsberg, but we also have defence activities in Horten, Asker, Kjeller and Stjørdal, all engaged in development, production, testing, sales and service.

Kongsberg Spacetec of Tromsø is a leading maker of receiving stations for data from meteorological and earth observation satellites.

In addition, we also co-own Kongsberg Satellite Services, which is headquartered in Tromsø and has ground stations on Svalbard for receiving satellite data.

### Great Britain

**Employees 268** • **Number of suppliers<sup>1)</sup> 229**  
**Value creation<sup>2)</sup> MNOK 495** • **Investments MNOK 23**

The main centre of Kongsberg Maritime's offshore activities in Great Britain is located in Aberdeen, Scotland. We also have smaller offices in Wick, Scotland, and in Waterlooville and Great Yarmouth, England. These locations engage in product development, production, sales and support.

Kongsberg Oil & Gas Technologies has operations in Guildford, England and Aberdeen, Scotland. These locations are engaged in sales and projects.

Through its subsidiary Kongsberg Norcontrol, Kongsberg Defence Systems has a sales and service office in Bristol.

Through its subsidiary Kongsberg Integrated Tactical Systems, Kongsberg Protech Systems has a sales office in Hereford.

### Rest of Europe

**Employees 280** • **Number of suppliers<sup>1)</sup> 659**  
**Value creation<sup>2)</sup> MNOK 716** • **Investments MNOK 9**

The Group also has operations in Denmark, Finland, France, Greece, Italy, Ireland, The Netherlands, Poland, Russia, Spain, Sweden, Germany and Hungary. These offices are for sales and service as well as project support.

1) Number of suppliers that invoiced KONGSBERG for more than NOK 50 000 in 2013. Some suppliers have been counted two or more times as they supply two or more of our business areas.  
2) Value creation shows operating revenues generated by the legal entities in the individual countries.



# Asia

## China

Employees **578** • Number of suppliers<sup>1)</sup> **158**  
Value creation<sup>2)</sup> **MNOK 133** • Investments **MNOK 3**

Kongsberg Maritime has built up substantial business activities in China. We operate as a local supplier to the Chinese shipyard industry, and we now have offices in Shanghai, Dalian, Guangzhou and Zhenjiang. Our production unit in Zhenjiang consists of electro-mechanical lines where we manufacture consoles, cabinets and sensing units. We also have a CNC centre where we make mechanical components and do light engineering.

## India

Employees **235** • Number of suppliers<sup>1)</sup> **42**  
Value creation<sup>2)</sup> **MNOK 60** • Investments **MNOK 8**

Kongsberg Maritime has sales and service offices, software support and development activities in Mumbai. The business has grown in recent years. India is devoting ever more attention to maritime safety and coastal and harbour surveillance.

Kongsberg Oil & Gas Technologies has operations in both Mumbai and Bangalore. The business in Mumbai offers sales support and project support. In Bangalore, the main responsibility is software development.

## Malaysia

Employees **4** • Number of suppliers<sup>1)</sup> **1**  
Value creation<sup>2)</sup> **MNOK 13** • Investments **MNOK 0**

Kongsberg Maritime has set up a sales and service office for fisheries activities in Malaysia.

## Singapore

Employees **204** • Number of suppliers<sup>1)</sup> **154**  
Value creation<sup>2)</sup> **MNOK 862** • Investments **MNOK 3**

The Group's maritime operations in Singapore focus mainly on sales, installation, engineering, commissioning and service/support. Singapore has one of the world's largest harbours and is a substantial shipowning and shipyard nation.

Kongsberg Norcontrol makes significant deliveries to Singapore's harbour surveillance systems, and is also represented there.

## South Korea

Employees **222** • Number of suppliers<sup>1)</sup> **63**  
Value creation<sup>2)</sup> **MNOK 1 558** • Investments **MNOK 5**

The Group's main maritime operations in South Korea are located in Jungkwan outside Busan. Its main responsibilities include sales, engineering, installation, commissioning and service/support, as well as local production. For years, we have been building up a local presence based on highly qualified co-workers in the world's largest shipbuilding nation.

Our defence activities also have a sales office in Seoul.

## Rest of Asia

Employees **44** • Number of suppliers<sup>1)</sup> **69**  
Value creation<sup>2)</sup> **MNOK 73** • Investments **MNOK 1**

The Group's defence activities have operations in the United Arab Emirates, Kuwait and Saudi Arabia. The main activities there are the operation and delivery of projects involving tactical radio and communication systems.

Kongsberg Maritime has a service office in Dubai, and Kongsberg Oil & Gas Technologies has a sales office in Abu Dhabi.

## North America

### USA

**Employees 626** • **Number of suppliers<sup>1)</sup> 705**  
**Value creation<sup>2)</sup> MNOK 1 664** • **Investments MNOK 26**

Kongsberg Maritime has maritime operations in Seattle (Washington), Houston (Texas), New Orleans (Louisiana), Pocasset (Massachusetts), Salt Lake City (Utah) and West Mystic (Connecticut). Pocasset is the site of development, sales and support for autonomous underwater vehicles (AUVs), working in close cooperation with AUV activities in Norway. The other units are mainly engaged in sales and customer support. The unit in Seattle is also engaged in technological development and the adaptation of existing products for the US market.

Kongsberg Oil & Gas Technologies has operations in Houston (Texas) aimed at sales, support and project implementation.

Our defence activities have a marketing office in Alexandria, Virginia. Kongsberg Protech Systems also has operations in Alexandria (Virginia). Kongsberg Protech Systems has a factory in Johnstown, Pennsylvania. That is the site for the production and maintenance of the PROTECTOR weapon control system for the US market. The business area has a project office in Mt. Arlington, New Jersey.

In Bellport on Long Island, Kongsberg Protech Systems has a subsidiary named Kongsberg Integrated Tactical Systems (KITS) that develops and manufactures components and systems for infrastructure for military vehicles.

### Canada

**Employees 135** • **Number of suppliers<sup>1)</sup> 195**  
**Value creation<sup>2)</sup> MNOK 261** • **Investments MNOK 5**

KONGSBERG's largest maritime business in Canada is located in Vancouver. The company there is engaged in proprietary product development and production. The business in Vancouver is based on hydroacoustics-related technology, and is an integral part of Kongsberg Maritime's other hydroacoustics activities. The business area also has two sales and customer support locations in Nova Scotia and Newfoundland on the east coast.

Defence activities are represented by Gallium Visual Systems Inc. in Ottawa. The company is well-known for its map graphics tool for military command and control systems.

Kongsberg Protech Systems is located in London, Ontario. The plant was established to maintain and manufacture weapon systems for the Canadian market.

## Oceania

### Australia

**Employees 27** • **Number of suppliers<sup>1)</sup> 69**  
**Value creation<sup>2)</sup> MNOK 95** • **Investments MNOK 0**

Kongsberg Protech Systems has a marketing office in Adelaide, and Kongsberg Oil & Gas Technologies has operations in Perth for sales and engineering services.

## Central and South America and Antarctica

### Brazil

Employees **118** • Number of suppliers<sup>1)</sup> **33**  
Value creation<sup>2)</sup> **MNOK 145** • Investments **MNOK 17**

Kongsberg Maritime's business in Brazil comprises sales, service, engineering and the commissioning of systems for offshore vessels, as well as user training. Business is booming on the oil fields outside Rio de Janeiro. The shipping industry has grown at a formidable pace, in step with the country's political and financial situation. The training centre in Rio de Janeiro offers different training programmes for Brazilian crew members, including simulator practice. The unit also has an anchor handling simulator.

Kongsberg Oil & Gas Technologies has a sales and project office in Brazil.

### Mexico

Employees **11** • Number of suppliers<sup>1)</sup> **3**  
Value creation<sup>2)</sup> **MNOK 34** • Investments **MNOK 0**

Kongsberg Maritime has set up a service office in Mexico.

### Antarctica

The Group's jointly- and equally-owned subsidiary Kongsberg Satellite Services has a ground station for satellite data on Antarctica.

## Africa

### Algeria

Employees **4** • Number of suppliers<sup>1)</sup> **0**  
Value creation<sup>2)</sup> **MNOK 0** • Investments **MNOK 0**

Kongsberg Defence Systems has offices for operations and the delivery of projects related to tactical radio and communication systems in Algiers, Algeria.

### Nigeria

Employees **0** • Number of suppliers<sup>1)</sup> **1**  
Value creation<sup>2)</sup> **MNOK 0** • Investments **MNOK 0**

Kongsberg Maritime has a service and support office for offshore operations off the coast of Nigeria. Initially, the office is staffed from Norway, to some extent on a rota basis.

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## OUR EMPLOYEES

KONGSBERG's livelihood rests on the knowledge and expertise of our employees. Accordingly, we work systematically to ensure that KONGSBERG is an exciting, attractive and stimulating place of work. It is important to us to attract appropriate expertise and to engage in continuous human resources development.

### Leadership at KONGSBERG

Leadership at KONGSBERG is a question of creating value. The key to success lies in combination of good leadership and dedicated employees. Leaders are to perform their responsibilities based on our values, corporate Code of Ethics and leadership principles.

Leadership@KONGSBERG is our leadership platform. It is based on leadership development, talent management and management by objectives. This platform encompasses all the Group's managers and ensures a uniform process for the follow-up and development of leaders. Our leaders work on the basis of clear objectives and reconcile objectives with their superiors, including an evaluation of the leader. We have a good selection of in-house and external leadership development programmes. Our leadership platform also includes structured processes for career planning and talent development. Leadership@KONGSBERG will help generate a continuous flow of leadership talent.

Along with growing internationalisation, we also aspire to greater diversity. We strive to recruit more women into managerial positions, not least by encouraging female talents through our leadership development programmes. Corporate Executive Management consists of 12 individuals, including three women.

KONGSBERG's global HR policy is one of its governing documents and includes the directives and guidelines that form the basis for our human resource management all over the world. Our life-cycle policy is intended to ensure that all employees have meaningful employment

### Recruitment and development

One prerequisite for achieving the Group's growth targets is our ability to attract and retain highly qualified co-workers. Accordingly, we endeavour to strengthen our position in the labour market and to be at the forefront of the competition for the best and the brightest.

Each individual business hires people locally with the assistance of local managers. Outside Norway, we usually hire local employees except in certain managerial positions and positions that call for special expertise.

The Group offers an extensive range of further and continuing education through a combination of in-house and external programmes and courses. They include professional and personal development, as well as leadership development. Our employees' career paths should be open to lateral as well as vertical movement throughout the Group.

KONGSBERG cooperates with a number of university colleges and universities in Norway. We participate in career days, give company presentations, invite classes to visit our operations, sponsor professorships and selected projects for students who would like to write their theses in collaboration with the Group, and we offer different types of summer jobs.

Along with other companies in Kongsberg, Buskerud University College and the Norwegian Centre of Expertise, the Group has developed a master's degree programme in Systems Engineering. Under this programme, the students have paid positions at one of the enterprises. In cooperation with other companies in Kongsberg, we offer a unique training programme for apprentices.

### Health, safety and the environment

Through our global HR policy, we require that all companies work systematically with HSE to ensure a good working environment, prevent injuries and accidents, and to reduce absence due to illness.

HSE work is organised through formal bodies made up of representatives of management and the employees. Each business area, as well as the Group's other entities, has a cooperation structure to comply with legislative and regulatory requirements, and satisfy operational needs.

In Norway, the formal bodies are the works council, joint consultative committees, divisional committees and working environment committees.

In addition, *ad hoc* committees are created for special projects. Both management and the employees are represented on these committees.

Our international HSE work is based on our global HR policy, and on legislation and regulations in the country in question. Most countries require that a designated HSE manager be assigned responsibility for ensuring compliance with local and national legislation and regulations.

We have well-developed HMS routines in our Norwegian operations. All employees in Norway have access to company health services. This varies in accordance with local practices and legislation for our foreign businesses.

KONGSBERG adapts to national public health services and supplements them through special agreements as needed. Employees stationed abroad, their families and travelling personnel are given special attention by the company health service, offered seminars on the cultural differences, and covered by more comprehensive insurance

schemes.

KONGSBERG does not currently have permanent employees stationed in countries that require special safety measures for employees and their families. In connection with new ventures and the build-up of operations in Nigeria, for example, the necessary safety precautions are taken.

The Group has designated fora that determine how employees can travel as safely as possible all over the world. Travel may not be advised or even be prohibited for political, financial, environmental or health-related reasons. We also have routines for how employees should conduct themselves on business trips.

### Reporting

HSE data is collected from all companies in the Group and reported to Corporate Executive Management and the Board of Directors on a quarterly basis. The data are also reported to the appropriate authorities in compliance with statutory requirements in different countries.

### Absence due to illness

Systematic efforts are being made to follow up absence and we see that a good working environment, interesting work and good career development opportunities have a favourable impact on absenteeism. For details, see page 36.

### Injuries

Injuries and near-accidents are registered in the individual unit and reported to the Group each quarter. For details, see page 36.

### Employee relations

We believe in involving our employees and their union representatives in the development of the company.

KONGSBERG recognises employees' freedom of association and right to engage in collective bargaining in accordance with the ILO conventions. Where this conflicts with local legislation, local legislation shall take precedence.

Where legislation prohibits the right to organise, efforts will be made to ensure alternative means for maintaining a good dialogue between management and employees.

Every second year, a global job satisfaction survey is conducted to provide feedback on how employees experience working conditions and the working environment

### Diversity

Along with growing internationalisation and our global business model, we aspire to have a thriving, widely diverse organisation. With roughly 7 500 employees the world over, we embody tremendous diversity that is vital for ensuring our market position. To be a global, sustainable enterprise we have to think globally, meaning we need a multi-faceted labour force. We work towards this end in a systematic, goal-oriented manner by recruiting, developing and retaining men and women of various nationalities and all age groups in all types of positions. We strive to recruit more women into managerial positions, not least by encouraging female talents through our leadership development programmes.

### Wages

KONGSBERG will reward its employees on the basis of results achieved and desirable conduct. We will be competitive but not a wage leader. Starting salaries will reflect this.

All employees in Norway are covered by collective wage agreements.

Wages will be adapted to local market conditions in the areas in which we operate.

### Retirement age

KONGSBERG's in-house retirement age limit in Norway of 67 was tested before the court in 2013. This led to the age limit in Norway being raised to age 70. Those who want to can continue to work until they are 70 or retire before that. The retirement age in Norway is 67, as previously.



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## CONTRIBUTING TO GOOD CAUSES

KONGSBERG contributes to added value and economic development in the local communities in which we operate. The Group aspires to be an integral part of these communities. This means we get involved in our employees' lives, and by supporting good causes. Here are a few examples.

### Children and young people

#### *Zambia and the Philippines*

For many years, KONGSBERG has provided support to SOS Children's Villages in Zambia and on the Philippines. SOS Children's Villages give the most vulnerable children a family and a safe and secure home, and help them shape their future by taking part in the development of their local communities.

#### *Brazil*

We support to the institute Bola pra Frente, which offers poor children schooling and football training. The institute was founded in 2000 and since then, it has helped hundreds of children and young people to a better life.

Support is also given to the social project Karanba in Rio de Janeiro. Through football (soccer), the project helps disadvantaged children and young people from the slums with education, progress and development. Today, Karanba organises about 1,000 children and adolescents, boys and girls alike, from several different parts of Rio de Janeiro.

#### *India*

In India, Kongsberg Maritime helps AARAMBH, a not-for-profit charity that works in Navi Mumbai. The organisation is a service centre for the most disadvantaged families in the city's slums.

### Norway

In Norway, we have concentrated our support on teams and associations in the local communities in which we are represented. Sports and culture are our focal points.

### Science

In 2013, KONGSBERG introduced the concept "national technology impact group" in Norway. The group is based on an ambition to boost interest in the sciences among young people and to turn around the drop-out rate from engineering studies.

We cooperate with lower and upper secondary schools, colleges and universities. One way of doing this is the student competition called 'Your Extreme'. Under this initiative, KONGSBERG invites students to come up with technological solutions to future challenges.

We are also a major contributor to the Knowledge and Cultural Centre in Kongsberg Municipality, where children and young people can experiment with science.



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## ACCOUNTABILITY

KONGSBERG has 200 years of tradition and history as a defence supplier and a technology enterprise. Today we are an important partner for customers in the defence, maritime and oil & gas industries.

### The defence industry

The Norwegian Armed Forces performs important tasks for society-at-large in times of peace, crisis, armed conflict and war. A modern total defence calls for state-of-the-art defence systems, and KONGSBERG's defence systems and products are an important part of this. KONGSBERG's role as a supplier of defence products must also be viewed in connection with Norway's security policy and its international obligations as a member of the UN and NATO. The Armed Forces and KONGSBERG cooperate closely in respect of developing tailor-made systems to meet Norway's particular needs. KONGSBERG has developed high-tech defence systems that are also important in an international context. Our deliveries are subject to stringent export regulations.

It is a fact that the most extreme consequence of defence systems is that they will enable people to take lives. Thus we face a number of dilemmas, ranging from the place of war in resolving conflicts between sovereign states, to the responsibility for ensuring that our soldiers get the best possible equipment when they are sent into armed actions. We are aware of the special responsibility that rests on us as a defence supplier.

### The export of defence materiel

Norway's rules for the export of defence materiel are among the most stringent in the world. The Storting has resolved that defence products can only be sold to pre-approved countries. Transparency regarding the export of defence materiel is an important principle in Norway. We consistently comply with the requirements posed by the Norwegian Ministry of Foreign Affairs for the application process, reporting and statistics.

Export control implies that defence materiel, technology and services can only be exported with an export licence issued by the Ministry of Foreign Affairs. There are two reasons for controlling exports:

- 1) to ensure that the export of defence materiel from Norway takes place in compliance with Norwegian security and defence policy.
- 2) to ensure that the export of multi-purpose products does not contribute to the spread of weapons of mass destruction (nuclear, chemical and biological weapons).

We maintain ongoing contact and collaboration with Ministry of Foreign Affairs in connection with this work.

Norway generally exports to allied forces. In 2012, 78 per cent of Norway's exports of Category A material and 90 per cent of the exports of Category B material went to NATO countries, Finland and Sweden. KONGSBERG has transparent cooperation with the Ministry of Foreign Affairs in connection with licence applications and comprehensive internal control of our export operations. KONGSBERG has partners, suppliers and customers in many countries. On that account, we must also comply with other countries' export control regulations in connection both with re-exports from Norway and exports from the countries in which we operate.

### Oil, gas and the merchant marine

About half our Group is involved in the oil, gas and shipping industries, all of which face challenges related to greenhouse gas emissions. The global demand for energy as well as for transportation is growing, and even though alternative energy carriers are moving into the market rapidly, oil and gas will continue to be the most important energy carriers for many years. KONGSBERG's systems and products are largely related to optimisation, safety, the operation and control of machinery, production processes and equipment. We deliver systems and services that facilitate the efficient use of resources, more efficient sailing routes and safer operation of complex vessels and installations. In so doing, we contribute to improvements in industries that play an important part in advancing global development.

Category A material comprises weapons and ammunition. Category B material is other military materiel. Multi-purpose products are civilian goods, technologies and services that could potentially be used for military purposes.



# SUSTAINABLE INNOVATION



**GREEN SHIPPING  
MARITIME SIMULATORS  
INTEGRATED ENVIRONMENTAL MONITORING  
WIND POWER**

This chapter showcases some examples  
of sustainable innovation



## GREEN SHIPPING

# Stricter requirements for green shipping

"Our marine automation systems offer functionalities that help reduce fuel consumption and thus emissions."

**Ketil O. Paulsen**  
Technical Director, Merchant Marine Division,  
Kongsberg Maritime

New legislation and regulations pose far stricter requirements for environment-friendly shipping. Shipowners and suppliers alike have realised this. One central factor for ensuring greener shipping involves raising awareness about optimal operations to minimise vessels' emissions. Doing this requires training of the crew, a change of attitude and new technology.

"Kongsberg Maritime has taken part in a project known as Energy Management in Practice (EMIP) along shipowners, educational communities and systems suppliers to take a closer look at energy efficiency. Here, it was concluded that training and consciousness-raising play key roles in optimising vessel operations", says Ketil O. Paulsen, technical director at Kongsberg Maritime in Horten.

Changing attitudes and routines is, however, time-consuming, and systems to follow-up the new knowledge will be important. Kongsberg Maritime has developed metering and support

systems that render visible the extent of optimal operation of the vessel. The systems gauge fuel consumption, comparing it against cargo conditions, speed, wind and weather on a given leg. This also provides support for making the right decisions for optimal operations.

#### *Why is this considered sustainable?*

"Our technology automates, regulates and optimises operations when the human factor is not enough. Our marine automation systems offer functionality that helps reduce fuel consumption and thus environmental pollution. Areas of focus include control of the main engine, power production, route planning and dynamic positioning. In-depth training combined with consciousness-raising will lead to greener shipping over time", reports Paulsen.



## MARITIME SIMULATORS

# Training = safer operations



"Expertise mitigates the danger of accidents and thereby also the danger of environmental damage."

**Tone-Merete Hansen,**  
Global Sales Manager at Kongsberg Maritime Simulation



The need to prepare crew members to cope with difficult situations is what motivates Kongsberg Maritime to develop world-class simulators.

Simulators are used to plan and prepare for demanding real-life operations. They make it possible to identify difficult aspects of an operation in advance and to avoid making mistakes, thus saving time and resources and reducing the danger of accidents, according to Tone-Merete Hansen, Global Sales Manager for Kongsberg Maritime Simulation.

"K-Sim Offshore enables us to perform complete, integrated training scenarios, including navigation, crane lifts, anchor handling, manoeuvring in close proximity to other vessels, drilling operations, reloading and emergency situations. The crew can plan operations ahead of time and test procedures and communications. That better prepares the crew to handle routine situations, and to cope with real-life crises. Kongsberg Maritime has been pioneering

simulated reality for nearly half a century."

It has been a long road to today's maritime simulators which give such a vivid impression of standing on a ship's bridge that they can trigger seasickness. Today Kongsberg Maritime Simulation is among the world's largest suppliers of maritime simulators.

*"Why is this considered sustainable?"*

"Realistic simulator training facilitates safer, more efficient operations. Simulator training to test and practice procedures before a demanding operation is an important safety measure with a view to reducing damage to equipment and injuries to personnel. Expertise mitigates the danger of accidents and thereby also the danger of environmental damage. Another environmental dividend is less fuel consumption and less wear and tear on equipment since simulator training contributes to more efficient operations", concludes Tone-Merete Hansen.



## INTEGRATED ENVIRONMENTAL MONITORING

# Sensing chemicals

"By combining real-time environmental data and operating data, it will be easier to discover spills and act immediately. The sensing units can measure physical, biological and chemical data."

**Ludvine Le Granvalet and Kaare Finbak**  
*Kongsberg Oil & Gas Technologies*

Oil and gas production in vulnerable areas is about to become safer. In close cooperation with Statoil, KONGSBERG is developing an innovative system for environmental monitoring under water.

"It is common today to monitor the environment by ship every third year and to get a report nine months later. This provides good documentation of environment status, but it does not give the operator an opportunity to take initiatives early to reduce adverse effects on the environment", states Knut Rostad, communication manager at Statoil.

Now, Statoil, KONGSBERG and others have joined forces to develop a system to monitor the environment around the installations in real time. Based on a number of sensors, it should be possible to detect emissions as early as possible.

"By combining real-time environmental data and operating data, it will be easier to discover spills and act immediately. The sensing units can

measure physical, biological and chemical data. We are talking about cameras, acoustic sensors and equipment with sniffers that can sense chemical components", states Kaare Finbak of Kongsberg Oil & Gas Technologies.

Integrated Environmental Monitoring is a collaborative project between Statoil, Kongsberg Maritime Subsea, Kongsberg Oil & Gas Technologies, IBM and Det Norske Veritas, where Statoil is the customer. IEM is the world's first environmental monitoring project in which a number of components are tested at the same time in an online sensor system and integrated as part of routine operations.

### *Why is this considered sustainable?*

"IEM will help ensure that the oil and gas industry can operate more safely through real-time monitoring of the effect of offshore operations on biological resources in the ocean and on the seabed, early detection of emissions and pro-

active handling of them. IEM will give operational personnel from several disciplines a better picture of the risk associated with operations offshore and decision-support needed to reduce this in routine operations", comments Ludvine Le Granvalet of Kongsberg Oil & Gas Technologies.



## WIND POWER

# Taking wind power a step further



"Our goal is to make a system that gives a complete overview of what is happening in the wind park. The product will be ready for the first tests in the latter half of 2014."

**Kristian Holm**, *General Manager Wind*



In 2012, KONGSBERG embarked on the wind power market in an effort to take better advantage of the wind potential in a wind park. KONGSBERG already delivers monitoring and systems to the maritime sector. Many of the same principles apply to managing and controlling a wind park, according to Kristian Holm, General Manager Wind.

"Our Wind Farm Management System is in principle a collection of separate products that focus on aspects of efficiency improvement. In a total system, they act together to give wind park operators the best possible performance at the lowest possible cost. The Wind Farm Management System keeps track of the status of each individual windmill, and gives an overview of their status and maintenance requirements. The system integrates all the requisite parameters to enhance wind park operations by optimising energy production and minimising wear and tear on the equipment.

The system combines several internal and external sources, as well as statistics and history to improve the weather forecasts for each wind park. This makes it easier to predict how much energy the wind park can produce at any given time.

"Our goal is to make a system that gives a complete overview of what is happening in the park. The product will be ready for the first tests in the latter half of 2014."

*Why is this considered sustainable?*

"Wind power is definitely a sustainable way to produce energy. Our goal is to help lower costs related to the production of wind power. We will thereby help ensure that more renewable energy can be produced by more sustainable wind power development projects. Besides solar power, wind power is the form of energy experiencing the most rapid global growth."





# WHAT HAVE WE ACHIEVED?

## AREAS OF FOCUS 2013-2014

Policy for Sustainability and Corporate Social Responsibility

Anti-corruption

Human rights and workers' rights

Climate challenge

Sustainability and corporate social responsibility in the supply chain

AREA OF FOCUS 2013–2014

# Policy for Sustainability and Corporate Social Responsibility

The Group's Policy for Sustainability and Corporate Social Responsibility is generally based on a perspective that incorporates opportunities and risks, where global megatrends are important strategic drivers.

## Our position

Technological innovation is a key element for resolving the serious global challenges facing the earth. For KONGSBERG, this offers business opportunities in several markets, seen in the light of our broad technology base and competency platform.

## Our challenges

The Group's work with sustainability and corporate social responsibility is an integral part of the Group's other strategic processes. The work is based on the challenges facing the Earth with a view to climate change and shortages of important resources such as energy, as well as food safety, access to clean water, the loss of biological diversity, urbanisation, etc.

*The perspective of opportunities:* Meeting the anticipated challenges of the future will call for the use of sophisticated technology. In the course of our work with innovation and the further development of our technology, the opportunities generated by this trend will furnish stimulus for important drivers.

*The perspective of risk:* The anticipated development will also pose challenges to our own operations, and we are trying to stay a step ahead through energy conservation and other specific measures. In addition, our "licence to operate", i.e. the right to conduct our business relative to the traditional themes in CSR constitutes an ongoing risk that is taken into consideration in our strategic planning.

## What have we achieved?

In 2013, we engaged in an extensive strategic process that also included an analysis of global megatrends and the opportunities for innovation they entail.

The Group has developed governance documents and risk-based action plans within the various themes related to corporate social responsibility. The business areas complete and report on risk-based initiatives twice each year.

## Our ambitions

Our policy identifies the direction for the perspective of opportunities and the perspective of risk. Our ambitions include exploiting our technological expertise in a rapidly growing "green" market, and we will act in a socially responsible manner. Risk and opportunities linked to global megatrends will be analysed and taken into account in the strategic decisions we take. This will be a continuous process in the years ahead.

For a complete overview of the Group's policy for sustainability and corporate social responsibility, see [www.kongsberg.com](http://www.kongsberg.com).

AREA OF FOCUS 2013–2014

# Anti-corruption

“Corruption is a serious risk for Norwegian companies operating at the international level. It can lead to punitive reactions and the loss of contracts, and destroy reputations. Moreover, corruption is destructive for innovation, entrepreneurship, market mechanisms and financial stability, all of which are the very fabric of business and industry. Transparency is decisive for preventing and exposing corruption.”

Transparency International Norge

## Our position

KONGSBERG has no tolerance for corruption. Our attitude to corruption is expressed clearly through the corporate Code of Ethics adopted in 2003, our affiliation with the UN Global Compact and the OECD’s Guidelines for Multinational Enterprises, and our membership of Transparency International. The Board and executive management devote considerable attention to this work.

## Our challenges

KONGSBERG operates in both the defence industry and the oil and gas industry, which, according to Transparency International, are two of the sectors that are most susceptible to corruption. Our operations include the use of agents and market representatives. The use of third parties is generally known to entail a high risk of corruption, so we pay special attention to this part of our anti-corruption programme. We have implemented a set of in-house regulations for signing and following up agreements with market representatives. It is based on assessments of the market representative’s ethical standards, reputation, etc., risk assessments of the industry, country and enterprise, integrity due diligence, an approval procedure for and use of standard terms of business, and control of payments, as well as follow up during the term of the agreement, including training and the possibility of audits.

## What have we achieved?

We have developed a series of guidelines for our business conduct: the most important with a view to anti-corruption are the rules for gifts and entertainment, sponsorship, the signing and follow up of agreements with market representatives (agents) and supplier conduct. Over the past few years, we have further developed the Group’s compliance system, placing emphasis on compliance being a line responsibility and part of day-to-day operations. Important initiatives include training and notification routines, as described in the report’s section on values and ethics. In addition, we regularly perform in-house inspections to ensure compliance with our Code of Ethics in connection with the use of market representatives (agents), including control of payments. Anti-corruption is an area in which we maintain continuous focus on prevention, risk mitigation measures and the identification of any non-compliance.

## Our ambitions

We base our efforts on systematic risk assessments, internal controls and reporting. We will continue to develop our training programme and revise our corporate code of ethics, as well as further develop in-house guidelines for due diligence in connection with our business partners.

### Charge, corruption case – Romania (see also page 5)

The issues covered by the charge involve the use of market representatives, and originate with the agreements signed before Norway’s corruption legislation was amended in 2003.

The activity at issue in Romania was concluded in 2008. We have worked systematically to further develop our anti-corruption programme, especially since 2009. Rules, routines and practices have been implemented to recognise events that might indicate corruption.

Our anti-corruption guide can be downloaded at [www.kongsberg.com](http://www.kongsberg.com). We will re-evaluate our anti-corruption programme in the light of the charge, ensuring that any necessary measures are implemented.

## AREA OF FOCUS 2013–2014

# Human rights and workers' rights

The Group's international activities make us susceptible to problems related to human rights and worker's rights, either directly through our own businesses or indirectly through our value chain. This means that we must be sure that we do not fail to comply with current international guidelines.

### Our position

KONGSBERG supports human and workers' rights *inter alia* through our affiliation with the UN Global Compact and the ILO (International Labour Organization) conventions. Our attitudes to human and workers' rights are also expressed in our corporate Code of Ethics and our Policy for Sustainability and Corporate Social Responsibility.

### Our challenges

We have needed to improve our routines to be able to document systematic efforts linked to compliance with human and workers' rights. Our Policy for Sustainability and Corporate Social Responsibility states that we are to have routines for the analysis, verification, reporting and follow up of possible breaches of human rights. In 2013, internal governance documents were drawn up to deal with this. The new systems of governance will take effect in 2014.

### What have we achieved?

In 2013, we conducted an audit related to corporate social responsibility at Corporate Services. Compliance with human rights and workers' rights was part of the audit. No non-compliance was found in relation to these topics. We are now in the process of drawing up routines to track "Conflict Minerals" in the Group's products.

#### *Discrimination*

In 2013, one notification was received that involved discrimination, among other things. The case was handled in accordance with our guidelines. Our corporate Code of Ethics states: "We do not accept discrimination of any kind." Further, it states that we are strongly opposed to any kind of human trafficking. This includes the procurement of sexual services.

#### *Child labour and compulsory labour*

The Group's own activities are of such a nature that issues related to child labour and forced and compulsory labour are believed to be of little relevance. We are working to survey the situation in the value chain. There have been no reports of cases involving these topics.

#### *The use of security personnel at the international level*

We use security personnel in the areas in which we consider it necessary. Thus far, the scope of this has been very limited.

#### *Indigenous rights*

The Group has not been involved in any violations of indigenous rights.

#### *Suppliers*

The follow up of human and workers' rights in the supplier chain complies with current in-house procedures. Self-declarations and audits are important tools in these efforts.

### Our ambitions

We comply with international standards for human and workers' rights as expressed in our corporate Code of Ethics and our Policy for Sustainability and Corporate Social Responsibility. In developing governance documents, we have patterned our work after the "UN Guiding Principles on Business and Human Rights".

In early 2014, we plan to complete revisions that include focus on human and workers' rights at several of our international business activities. These audits are a link in an ongoing process to audit the Group's activities with a view to sustainability and corporate social responsibility.

During the same period, there are plans to arrange in-house courses linked to human and workers' rights.



## AREA OF FOCUS 2013–2014

# The climate challenge

Global warming is one of the most serious threats facing the Earth. According to the UN's Intergovernmental Panel on Climate Change, temperatures may rise by more than 4°C. by 2100 if emissions continue at the same rate, but growth must be kept below 2°C. compared with pre-industrial temperatures to avoid dangerous climate changes. The report also shows that it is possible to prevent the worst consequences if we can agree on rapid and deep cuts in our emissions.\*)

### Our position

KONGSBERG has no activities of its own that cause serious emissions to air or water. The Group's growth in recent years nonetheless means that our total footprint on the environment has increased. Reducing greenhouse gas emissions is essential for several reasons:

- We feel that we have a moral responsibility to future generations to leave the earth in a sustainable state.
- From a more operational perspective, it is important for KONGSBERG to have a 'licence to operate', meaning that we are accepted, and allowed to engage in operations by our stakeholders.
- Lower energy consumption reduces our direct expenses and makes us less vulnerable to rising energy prices and fluctuations in the energy markets.
- Lower emissions of greenhouse gases make us less vulnerable to any future regimes for pricing such emissions (taxation, quota regimes or the like.).

### Our challenges

Air travel accounted for some 56 per cent of our CO<sub>2</sub> emissions in 2013. In this year's report, some travel ordered from our foreign units has been included in the figures. Travel is an important part of the Group's operations and we face a challenge with a view to reducing this type of emissions.

Our targets for reducing emissions are relative, meaning that as we grow, actual emissions may increase even though we reach our targets for relative reductions in emissions. This is a dilemma in relation to the global challenge being an actual reduction in greenhouse gas emissions.

### What have we achieved?

The Group has several product areas that have positive environmental impacts in a variety of ways. See the discussion in the chapter on "Sustainable Innovation".

In 2013, the Group improved the reporting platform for the climate and environmental accounts, since more locations are reporting and the sources being reported on have been expanded. There are still some elements that are not included in our climate and environmental accounts, e.g. emissions related to the transport of goods and property. We will strive to survey this part of our global footprint as well.

The Climate Accounts indicate that our CO<sub>2</sub> emissions are on the rise in actual fact and in relative terms (metric tonnes/MNOK), compared with 2012 and relative to 2010, the baseline year for the target figures. Otherwise, more details are provided on pages 30–31.

### Our ambitions

KONGSBERG aspires to attain its long-term business objectives in a manner that contributes as little as possible to global warming. We will accomplish this by:

- Reducing direct and indirect greenhouse gas emissions from own operations;
- Finding product solutions that can reduce our customers' greenhouse gas emissions;
- Using environmental profiles as one of several assessment criteria when choosing suppliers.

We will work systematically to reduce energy consumption and emissions of greenhouse gases, with special focus on products, infrastructure and transportation.

#### Goals for the period from 2012–2015

The Group aspires to reduce emissions of greenhouse gases by at least 10 per cent from 2012 to 2015 (relative to sales), compared with the baseline year 2010.

\*) Source: Ministry of Defence's website

AREA OF FOCUS 2013–2014

# Sustainability and Corporate Social Responsibility in the supply chain

Sustainability and corporate social responsibility in the supply chain is a question of suppliers' relationship to ethical guidelines, human rights, workers' rights, anti-corruption, the climate and the environment. We are of the opinion that systematic, good work with corporate social responsibility is a moral imperative. At the same time, such work reduces our risk and improves the quality of the products we buy.

## Our position

Large parts of our added value are created outside Norway. This means we are an important player in many local communities the world over. That implies an obligation. Basically, we take responsibility for ensuring that the entire value chain associated with the Group's products complies with our standards. However, there are often practical and financial limitations to how far down the value chain it is practical to follow up. We try to resolve this challenge by setting standards for the first link in the supply chain, which in turn imposes similar standards on its first link, and so on. Where country risk, product risk, self-declarations or other factors indicate that there may be significant risk attached to several links, we will nonetheless handle the follow up.

## Our challenges

There is still work to be done before we can claim to have a completely adequate overview of the risk inherent in the supply chain. This entails, *inter alia*, that we must spend more resources on corporate social responsibility audits among our suppliers. In addition, we must take initiatives to eliminate any non-compliance relative to the requirements we pose. These processes are, however, ongoing in the corporate units that deal with suppliers.

## What have we achieved?

We have drawn up principles and systems of governance for how we would like our suppliers to deal with issues related to sustainability and corporate social responsibility, and how we will follow this up.

In 2013, we completed extensive in-house training programmes for quality auditors to enable them to conduct corporate social responsibility audits.

We are also conducting a project aimed at a selection of Norwegian suppliers for our defence activities. Corporate social responsibility is the theme of the project, which is being carried out in collaboration with Innovation Norway.

## Our ambitions

One main principle is that we will collaborate with suppliers to seek continuous improvement. The goal is to ensure that elements that do not meet the standards to which we aspire will be adapted and improved through dialogue. Further, we must ensure that we maintain close control of risk. We also aspire to collaborate with other companies to enhance expertise and the quality of this work and to make it as rational and efficient as possible.

**Conflict minerals** are minerals that are extracted from and sold from countries engaged in conflicts. The mineral sales are largely used to finance armed conflicts, oppression and violence in respect of local populations. This is a particular problem in the Democratic Republic of Congo and its neighbouring

countries (Angola, Burundi, the Central African Republic, Rwanda, South Sudan, Tanzania, Uganda and Zambia). The most important conflict minerals are: Tantalum, gold, tin and tungsten. As a result of the Dodd Frank Act adopted in the USA in 2010, and the OECD guidelines, companies are expected to be able to report

which "conflict minerals", if any, are used in their products, in which products, where the minerals originated and in which part of the value chain the minerals are brought in. KONGSBERG is in the process of developing routines for compliance with the expectations described above.



# SYSTEMS OF GOVERNANCE AND KEY FIGURES

## VALUES AND ETHICS

KONGSBERG's values and Code of Ethics express our basic attitudes and indicate how we ought to show our fundamental respect for and relate to colleagues, customers, suppliers and society-at-large. They determine how we conduct our operations, and they apply regardless of where, when and which of our employees is doing business. This must be understood by all employees, contributing to a strong corporate culture that will help prevent irregularities. Well integrated values and ethical guidelines are an important element of our risk management.

### Our values

#### Determined

*(intent, resolute, goal-oriented)*

We are known for our drive and persistence. We always strive to meet our customers' expectations. We set ambitious goals for ourselves and we are driven towards them with a clear and constant focus.

**What we start, we finish.  
 We do not give in.**

#### Innovative

*(unconventional, pioneering)*

Always performing better is a vital part of who we are. We constantly innovate and implement improvements in all parts of our business – from our products, through our processes, to our customers' experiences.

**We relentlessly pursue improvements, new ideas and new solutions.**

#### Collaborative

*(cooperative, network-oriented)*

Collaboration is fundamental to our business. We exchange ideas among ourselves, with our suppliers and partners, and with our customers. We work as teams, we share knowledge and we value team success – to the benefit of our customers and our own competitiveness.

**We collaborate as individuals and as an organisation.**

#### Reliable

*(dependable, trustworthy)*

Our customers and partners can trust KONGSBERG to deliver, always. Dealing with KONGSBERG means dealing with reliable people, a reliable corporation and reliable products. KONGSBERG is a responsible organisation characterised by integrity and concern for health, safety and the environment.

**We are reliable people.  
 We are responsible citizens.**

### Our corporate Code of Ethics

KONGSBERG's corporate Code of Ethics applies to the Group's directors, management, employees, casual employees, consultants, market representatives (agents), lobbyists and others who act on behalf of KONGSBERG. Our Code of Ethics emphasises that all employees and the Group's Board of Directors must maintain high ethical standards when performing their duties. The Group has developed special guidelines for its suppliers.

#### Updating our corporate Code of Ethics

The corporate Code of Ethics is updated to stay abreast of national and international developments and it is revised at least every second year.

#### In-house training

All our new employees go through a training programme based on the Group's Code of Ethics. The programme was updated in 2012, and consists of an e-learning course, and classroom courses for new employees and line supervisors. In addition, a complex training programme has also been further developed in the field of ethics, business-related behaviour and special topics for selected target groups.

#### Notification of concerns

The Group has special routines for notification of any breach of the corporate Code of Ethics. Employees have

always had the right to express their concerns, and a duty to do so if there is a question of a violation of laws, rules or our corporate Code of Ethics. KONGSBERG will not tolerate that a person who blows the whistle is subject to reprisals/negative reactions. See more details on [www.kongsberg.com](http://www.kongsberg.com)

The Group has two ombudsmen who can provide advice and receive reports from employees. Internal and external questions about ethics, whistleblowing, etc., may be directed to the Group's compliance officer by sending an e-mail to: [ethics@kongsberg.com](mailto:ethics@kongsberg.com).

In 2013, we received and dealt with three expressions of concerns.

In January 2012, we set up a website-based reporting channel for our employees in the US and Canada. The website address is <https://kongsberg.alertline.com/>

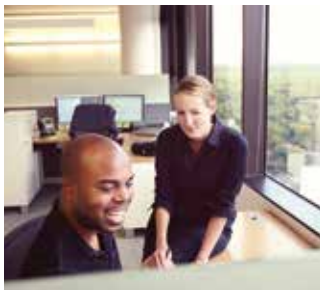
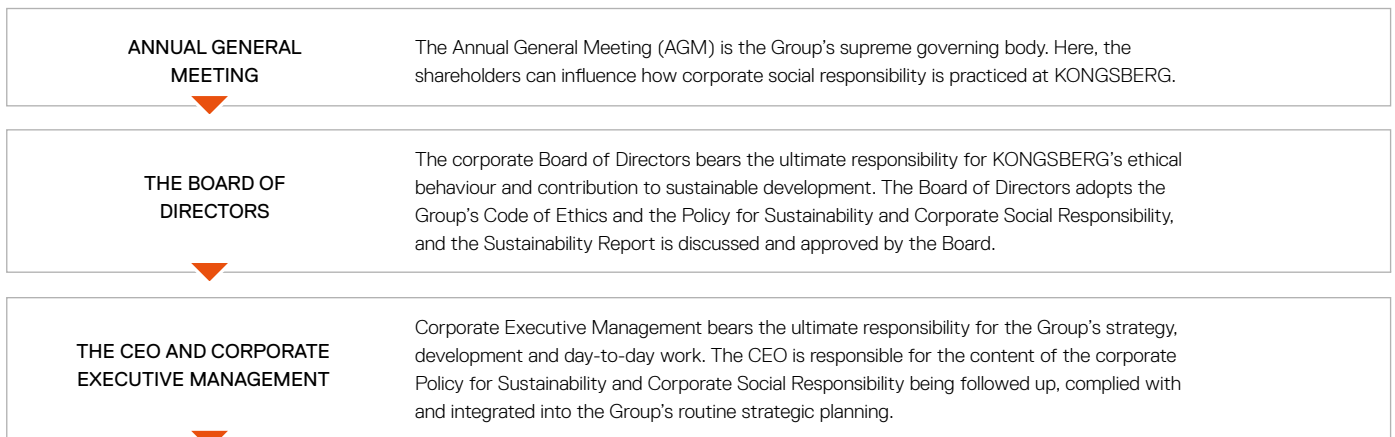
#### Sanctions

The Group has not been fined or subject to other types of sanctions in 2013 as a result of anti-competitive business practices or failure to comply with legislation or regulations.

The National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) has filed charges against the company, alleging corruption. For more details, see page 5 and page 23.

## ORGANISATION AND SYSTEMS OF GOVERNANCE

KONGSBERG's overall system of governance is based on the 'Norwegian Code of Practice for Corporate Governance'. The following is an overview of systems of governance and organisation related to sustainability and corporate social responsibility.



### Business Areas

The business areas are responsible for follow up and compliance with policy, targets and governance documents related to sustainability and corporate social responsibility. The practical aspects of the work are usually handled by the four business areas, with support from the Corporate Centre.

### Ethics Council

The Group's Ethics Council is to help raise ethical awareness, ensuring good behaviour and KONGSBERG's good reputation. The Ethics Council's mandate is to deal with cases of a principle nature and questions about policies and provisions. The composition of the Ethics Council is subject to Board approval.

### Forum for Sustainability and Corporate Social Responsibility

The Forum is a link between the business areas, Corporate Centre and Corporate Executive Management on questions related to sustainability and corporate social responsibility. The main responsibility is to help promote, further develop and coordinate the Group's efforts in this field.

### *Council for Climate and the Environment*

The Council is a link between the business areas, Corporate Services and Corporate Executive Management in respect of questions about climate and the environment. The main responsibility is to help promote, further develop and coordinate the Group's efforts in this field.

### *The Council for Following up Corporate Social Responsibility in the Supply Chain*

The Council is responsible for promoting and further developing the Group's work with corporate social responsibility in the supply chain, for ensuring coordinated skills upgrading, risk assessment and the coordination of audits.

### Business Conduct Review Board

KONGSBERG has comprehensive guidelines for how we are to comport ourselves in business situations. The guidelines are adopted by the Board, then the Business Conduct Review Board, which is the Group's compliance forum, has the main responsibility for ensuring compliance.



## CLIMATE AND ENVIRONMENTAL ACCOUNTS 2013

The Group improved the basis for its climate and environmental accounts in 2013 by reporting on more locations and from more sources. Our footprint on the outdoor environment has expanded, even when taking this into account. We will analyse this trend and determine both the objective for the future and which measures might be appropriate.

The Climate and Environmental Accounts give an overview of KONGSBERG's consumption of power and water, emissions of CO<sub>2</sub> and production of waste. The accounts cover all Norwegian entities, all production units and all larger offices outside Norway.

The accounts for 2013 indicate some major changes relative to 2012 in energy use and CO<sub>2</sub> emissions. This is mainly because:

- More units are being reported
- Increased activity
- More energy use at heating plant at Kongsberg Technology Park
- Large parts of flights purchased abroad are being included in the CO<sub>2</sub> accounts for the first time.

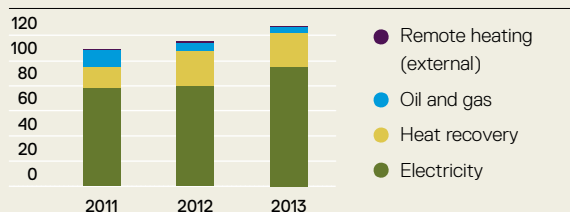
## Energy

In connection with production and office activities, KONGSBERG consumes energy in the form of electricity, district heating, gas and fuel oil. Kongsberg Technology Park provides district heating for enterprises located in the technology parks in Kongsberg. District heating is produced using electricity, fuel oil, gas and heat recovery. Roughly half of the district heating was supplied to other enterprises in the technology park.

KONGSBERG's total energy consumption was about 11 per cent higher in 2013 than in 2012. The main reason for this increase was the consumption of more electricity by Kongsberg Maritime (16 per cent increase) due to a generally higher level of activity and more production, in addition to more energy consumption at the heating centre in Kongsberg Technology Park (up 14 per cent). Several new units were included for Kongsberg Oil & Gas Technologies, which saw an aggregate increase of 2.2 GWh (162 per cent).

### Energy consumption (GWh)

Type of energy



**Figure 1:** Total energy consumption (GWh) for KONGSBERG. District heating produced by Kongsberg Technology Park is included in the figures for electricity and oil and gas, as well as heat recovery. District heating (external) refers to district heating delivered to KONGSBERG from external suppliers.

### Energy consumption (GWh)

Business area	Change, past year	2013	2012	2011
Kongsberg Maritime	16%	34.5	29.7	25.5
Kongsberg Defence Systems	2%	46.2	45.4	44.2
Kongsberg Protech Systems	5%	10.1	9.6	9.6
Kongsberg Oil & Gas Techn. <sup>2)</sup>	162%	3.5	1.3	1.2
Kongsberg Teknologipark <sup>1)</sup>	14%	32.8	28.7	28.3
<b>Total</b>	<b>11%</b>	<b>127.0</b>	<b>114.7</b>	<b>108.9</b>

1) Includes the production of district heating provided to enterprises outside KONGSBERG.

2) Kongsberg Oil & Gas Technologies has included several new locations and acquisitions in its reports. This led to a steep relative rise in percentages.

# CO<sub>2</sub> emissions

KONGSBERG's CO<sub>2</sub> emissions have been calculated as recommended by the 'Greenhouse Gas Protocol' published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI). Since 2010, emissions from national and international flights booked in Norway have been included. From 2013, the accounts also include the majority of flights booked outside of Norway.

The environmental accounts encompass the following sources of CO<sub>2</sub> emissions:

- **Direct emissions (Scope 1):** Emissions from the use of fuel oil and gas to heat buildings, as well as from the production of district heating at Kongsberg Technology Park.
- **Indirect emissions from electricity (Scope 2):** Emissions from the consumption of electricity or district heating from external suppliers.
- **Emissions from air travel (Scope 3):** Emissions from national and international flights booked in Norway and abroad. The environmental accounts for 2013 are not directly comparable to those for 2012, as air travel ordered at our locations outside Norway was not included in 2012.

CO<sub>2</sub> emissions increased by 29 per cent in 2013 compared with the year before. The main reason for this is the expanded reporting of air travel, which accounts for more than 2/3 of the increase from 2012. Relative to sales, emissions increased from 1.3 to 1.6 metric tonnes per MNOK from 2012 to 2013.

Reported CO<sub>2</sub> emissions increased by 26 per cent from the baseline year 2010 until 2013. The largest contribution to this was from Kongsberg Maritime, which saw an increase of 69 per cent during the year.

This increase includes air travel purchased abroad, which was reported in 2013 but not in 2010. The Group saw an increase of 9 per cent, excluding air travel ordered abroad, and Kongsberg Maritime's increase is similarly reduced to 35 per cent if air travel ordered abroad is excluded from the accounts.

Kongsberg Oil & Gas Technologies also reported a large increase (193 per cent) during the year. Most of the rise came from 2012 to

2013 and was ascribable to several new units being included in the business area's reports.

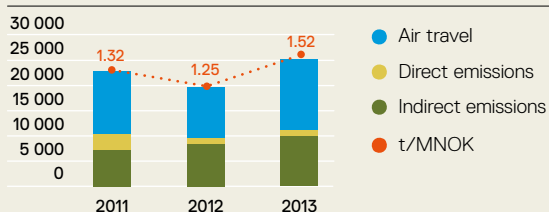
Emissions of CO <sub>2</sub> Metric tonnes <sup>1)</sup>	Change, past year	Baseline year		
		2013	2012	2010
<b>Scope 1 (Direct emissions)</b>	<b>18%</b>	<b>1 179</b>	<b>1 004</b>	<b>4 869</b>
Oil & Gas (business area)		585	512	560
Oil and gas (Kongsberg Teknologipark)		594	492	4 308
<b>Scope 2 (Indirect emissions)</b>	<b>18%</b>	<b>9 921</b>	<b>8 393</b>	<b>6 193</b>
Electricity (business area)		8 244	7 371	5 551
Electricity (Kongsberg Teknologipark)		1 486	865	513
District heating from external supplier		191	157	130
<b>Scope 3 (Other emissions)</b>	<b>39%</b>	<b>14 194</b>	<b>10 182</b>	<b>8 944</b>
Flights purchased in Norway		10 588	10 182	8 944
Flights purchased outside Norway		3 606		
<b>Sum</b>	<b>29%</b>	<b>25 370</b>	<b>19 579</b>	<b>20 005</b>

## Change in CO<sub>2</sub> emissions from baseline year 2010 to 2013

Business area	Actual change	Baseline year	
		2013	2010
Kongsberg Maritime	69%	14 132	8 341
Kongsberg Defence Systems	18%	4 384	3 703
Kongsberg Protech Systems	12%	2 553	2 278
Kongsberg Oil & Gas Techn.	193%	1 882	642
Kongsberg Teknologipark	(54%)	2 343	5 041
<b>Total</b>	<b>26%</b>	<b>25 294</b>	<b>20 005</b>

## CO<sub>2</sub> emissions (metric tonnes)

Type of emissions



**Figure 2:** KONGSBERG's CO<sub>2</sub> emissions (metric tonnes). Emissions from the consumption of fossil fuels to make district heating delivered by Kongsberg Technology Park are shown as direct emissions. Indirect emissions include the consumption of electricity and district heating supplied to the business areas by external suppliers, as well as the consumption of electricity for the production of district heating at Kongsberg Technology Park.

## CO<sub>2</sub> emissions (metric tonnes)<sup>1)</sup>

Business area	Change, past year	Baseline year		
		2013	2012	2011
Kongsberg Maritime	35%	14 132	10 459	9 987
Kongsberg Defence Systems	4%	4 384	4 218	4 662
Kongsberg Protech Systems	8%	2 553	2 359	3 107
Kongsberg Oil & Gas Techn.	115%	1 882	874	1 019
Kongsberg Teknologipark <sup>2)</sup>	40%	2 343	1 669	3 972
<b>Total</b>	<b>29%</b>	<b>25 294</b>	<b>19 579</b>	<b>22 747</b>

1) Emissions from the production of district heating for inter-Group deliveries are reported as emissions from Kongsberg Technology Park. As a result, emissions from the business areas do not include indirect emissions from district heating provided by Kongsberg Technology Park.

2) Includes the production of district heating provided to enterprises outside KONGSBERG.

# Waste

KONGSBERG generates waste from production and from office activities. Waste volumes are part of KONGSBERG's in-house environmental reporting which covers generated waste broken down by category of waste and waste for recycling divided by recycling fractions.

In 2013, the total volume of KONGSBERG's waste was roughly 8 per cent higher than in the preceding year. The amount of recycled waste and residual waste increased while the amount of hazardous waste was reduced.

The relative waste production increased from 114.5 kilos per MNOK in 2012, compared with 115.6 kilos per MNOK in 2013.

## Waste (metric tonnes)

Type of waste

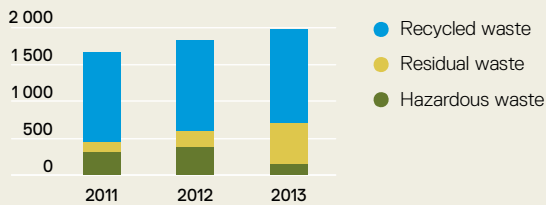


Figure 3: KONGSBERG's total waste production (metric tonnes)

## Waste (metric tonnes)

Business area	Change, past year	2013	2012	2011
Kongsberg Maritime	10%	1 383	1 262	885
Kongsberg Defence Systems	5%	394	374	490
Kongsberg Protech Systems	(16%)	99	118	194
Kongsberg Oil & Gas Techn.	163%	39	15	9
Kongsberg Teknologipark	5%	20	15	44
<b>Total</b>	<b>8%</b>	<b>1 935</b>	<b>1 784</b>	<b>1 622</b>

# Water

Water is the lifeblood of all life on earth. It is absolutely decisive to support the eco-systems and to balance the earth's environment.

Meanwhile, access to clean water is in short supply many places. Getting access to clean water is and will increasingly become one of the main challenges facing sustainable value creation. What is more, flooding and droughts are growing global problems.

According to the UN, 1.1 billion people, or 18 per cent of earth's population, lack access to clean water today.

The UN's World Water Development Report 3 points out that initiatives are needed urgently if we are to avert a global water crisis.

Population growth, rising consumption and climatic change are three of the main explanations for this serious situation.

KONGSBERG collected data on water consumption in 2013 from all the business areas. As reporting on water has not yet been fully implemented, only 31 locations reported their water consumption. None of the reporting units has specified the use of process water thus far. Total reported water consumption was 115 968 m<sup>3</sup>.

## Water consumption (m<sup>3</sup>)

Business area	2013
Kongsberg Maritime	32 078
Kongsberg Defence Systems	35 835
Kongsberg Protech Systems	9 780
Kongsberg Oil & Gas Techn.	3 926
Kongsberg Teknologipark	34 350
<b>Total</b>	<b>115 968</b>



## TARGETS AND ACTIVITIES FOR SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

The Group gave even higher priority to the work with sustainability and corporate social responsibility in 2013 than the year before. This implies, among other things, that we put more focus on the areas we have targeted and ensure closer managerial follow up of them. This improves continuity and results.

The activities marked with 😊😞 continue to be targets, but final implementation has been postponed somewhat. Activities marked with 😊 have been completed. All the activities will continue to be high-priority areas in 2013.

	What we said – targets and activities	Targets for 2013	What we did – Status	Performance
<b>Policy</b>	<ul style="list-style-type: none"> <li>Implement activities ensuing from our new Policy for Sustainability and Corporate Social Responsibility, including assessing risks and opportunities related to global megatrends</li> </ul>	<ul style="list-style-type: none"> <li>Assess projects associated with opportunities and risks</li> </ul>	<ul style="list-style-type: none"> <li>Analysed global megatrends set up against opportunities for innovation and product development</li> <li>An analysis of the risk associated with global megatrends compared with a 'licence to operate' will be conducted of 2014</li> </ul>	😊
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>Further develop policies and routines</li> </ul>	<ul style="list-style-type: none"> <li>Revise/further develop relevant policies and routines</li> </ul>	<ul style="list-style-type: none"> <li>Completed: Follow up of market representatives (agents)</li> <li>Started: IDD for joint ventures and teaming agreements</li> </ul>	😊
	<ul style="list-style-type: none"> <li>Conduct risk analyses, relevant action plans and audits to mitigate risk</li> </ul>	<ul style="list-style-type: none"> <li>Further develop the internal control system. Conduct audits</li> </ul>	<ul style="list-style-type: none"> <li>Reviews of routines and internal controls in the business areas and Corporate Services were conducted by external auditors with satisfactory results</li> </ul>	😊
	<ul style="list-style-type: none"> <li>Further develop and carry out training continuously</li> </ul>	<ul style="list-style-type: none"> <li>Further develop and carry out training</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive training programme completed</li> </ul>	😊
<b>Routines for sustainability and corporate social responsibility</b>	<ul style="list-style-type: none"> <li>Remaining work associated with drawing up and implementing routines for skills building in connection with acquisitions, venture creation, product development, new buildings, other proprietary activities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Implement routines associated with acquisitions. Draw up routines associated with the other areas</li> </ul>	<ul style="list-style-type: none"> <li>Routines associated with the acquisition process was completed. Scheduled for implementation in the early half of 2014. Other routines will be drawn up the latter half of 2014</li> </ul>	😞
<b>Human rights and workers' rights</b>	<ul style="list-style-type: none"> <li>Formulate routines for analysis, control, and reporting of possible violations of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Draw up and implement routines</li> </ul>	<ul style="list-style-type: none"> <li>Routines have been drawn up, implementation in the early half of 2014</li> </ul>	😊
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Implement routines and processes for following up suppliers with a view to corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Implement</li> </ul>	<ul style="list-style-type: none"> <li>Routines and processes have been implemented</li> </ul>	😊
	<ul style="list-style-type: none"> <li>Follow up the implementation of corporate social responsibility audits and dialogue with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Selected high-risk suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Fewer audits conducted than planned</li> </ul>	😞
<b>Climate strategy</b>	<ul style="list-style-type: none"> <li>Follow up specific initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Implement</li> </ul>	<ul style="list-style-type: none"> <li>Measures were partially implemented</li> </ul>	😊
	<ul style="list-style-type: none"> <li>Identify new initiatives related to the climate strategy and the policy for sustainability and corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Identify new initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Certain new initiatives identified, for example,               <ul style="list-style-type: none"> <li>Move the transport of goods from air to sea</li> <li>Establish a new testing artillery range with a strong environmental focus</li> </ul> </li> </ul>	😊
<b>Stakeholder dialogue</b>	<ul style="list-style-type: none"> <li>Engage in systematic dialogue with stakeholders in relation to corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Implement</li> </ul>	<ul style="list-style-type: none"> <li>Some meetings were held – target indicators have not been developed</li> </ul>	😊

### Targets – Corporate social responsibility 2014

The targets for 2014 will be in continuation of the areas of focus we addressed in 2013.

	What we said – targets and activities	1 year – 2014	3 years – 2016	5 years – 2018
<b>Policy</b>	<ul style="list-style-type: none"> <li>Implement activities ensuing from our new Policy for Sustainability and Corporate Social Responsibility, including assessing risks and opportunities related to global megatrends</li> </ul>	<ul style="list-style-type: none"> <li>Assess business opportunities related to sustainable product development</li> <li>Analyse global megatrends in the light of our "licence to operate"</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities</li> <li>Implement any measures ensuing from the analysis</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities</li> <li>New analysis of our activities in the light of global megatrends</li> </ul>
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>Further develop policies and routines</li> </ul>	<ul style="list-style-type: none"> <li>Revise/further develop relevant policies and routines</li> <li>External evaluation of the anti-corruption programme in the light of the charge related to the corruption case in Romania.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
	<ul style="list-style-type: none"> <li>Conduct risk analyses, relevant action plans and audits to mitigate risk</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities pursuant to action plans</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
	<ul style="list-style-type: none"> <li>Further develop and carry out training continuously</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities pursuant to the training programme</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
<b>Routines for sustainability and corporate social responsibility</b>	<ul style="list-style-type: none"> <li>Remaining work associated with drawing up and implementing routines for skills-building in connection with acquisitions, venture creation, product development, new buildings, other proprietary activities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Implement routines associated with acquisitions</li> <li>Draw up other routines</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
<b>Human rights and workers' rights</b>	<ul style="list-style-type: none"> <li>Formulate routines for analysis, control, and reporting of possible violations of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Implement pursuant to action plans</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Implement routines and processes for following up suppliers with a view to corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities pursuant to action plans</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
	<ul style="list-style-type: none"> <li>Follow up the implementation of corporate social responsibility audits and dialogue with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities pursuant to action plans</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
<b>Climate strategy</b>	<ul style="list-style-type: none"> <li>Follow up specific initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, and start working on new targets</li> </ul>	<ul style="list-style-type: none"> <li>Implement new targets (2015)</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities, evaluate</li> </ul>
	<ul style="list-style-type: none"> <li>Identify new initiatives related to the climate strategy and the policy for sustainability and corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>The work will be carried out through 2014 and 2015</li> <li>Improve reporting quality</li> <li>Identify significant sources of climate effects</li> <li>Introduce measures to reduce climate effects</li> <li>Start the work to identify our products' positive effects with a view to mitigating emissions</li> </ul>		
<b>Stakeholder dialogue</b>	<ul style="list-style-type: none"> <li>Engage in systematic dialogue with stakeholders in relation to corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Greater focus on this work in 2014</li> </ul>		

## KEY SUSTAINABILITY FIGURES

### Financial value added

MNOK	2013	2012	2011	2010	2009	2008	2007
<b>▶ Added value</b>							
Payroll expenses	4 304	3 894	3 515	3 172	3 003	2 561	1 983
Share dividend	630	450	450	450	240	165	150
Interest to lenders	43	37	35	41	115	93	59
Retained earnings	595	854	980	1 050	558	422	836
<b>▶ Other key financial figures</b>							
Goods and services purchased (approx.)	7 918	8 300	8 300	9 500			
Financial support. Tax refund from the Norwegian tax authorities related to development projects	14	16	17	29			
<b>▶ Taxes</b>							
Norway	332	416	513	528	270	210	261
Rest of Europe	11	14	17	18	23	21	12
North and South America	55	32	24	26	19	26	10
Asia	21	43	24	25	29	17	10
<b>Total</b>	<b>419</b>	<b>505</b>	<b>578</b>	<b>597</b>	<b>341</b>	<b>274</b>	<b>293</b>

The Board of Directors will propose to the AGM a dividend for 2013 of NOK 5.25 (NOK 3.75) per share. The proposal entails NOK 4.25 per share in ordinary dividends and NOK 1 per share in extraordinary dividends to celebrate the Group's 200th anniversary. If the proposal is adopted at the AGM on 9 May 2014, dividends will be paid as follows, provided the ownership structure is the same as at 28 February 2014:

MNOK	2013	2012	2011	2010	2009	2008	2007
<b>▶ Dividends</b>							
Norwegian State	315.0	225.0	225.0	225.0	120.0	82.5	75.0
Organisations/enterprises	111.8	90.6	97.4	97.6	56.4	40.4	36.3
Securities funds	63.7	47.1	45.2	48.4	27.6	16.9	16.5
Insurance/pension funds	34.0	25.0	25.0	24.4	12.5	9.5	9.9
Private individuals	29.2	20.9	19.9	20.2	12.0	7.3	6.6
Foreign owners	76.3	41.4	37.5	32.6	11.5	8.4	5.7
<b>Total</b>	<b>630.0</b>	<b>450.0</b>	<b>450.0</b>	<b>450.0</b>	<b>240.0</b>	<b>165.0</b>	<b>150.0</b>

### Social investments

MNOK	2013	2012	2011	2010	2009	2008	2007
Financial support to organisations, etc.	7.3	6.7	3.0	3.0	2.9	2.0	1.9

## Employees

	2013	2012	2011	2010	2009	2008	2007
<b>▶ Level of education</b>							
Master's degree or more (%)	29	28	26	28	29		
– of which, doctorates (PhD)	1	(2)					
Bachelor's degree (%)	34	36	35	35	33		
Technicians (%)	14	14	14	11	12		
Production workers %	11	10	12	13	13		
Other	11	12	12	13	13		
<b>▶ Number of employees</b>							
Number of employees, total	7 493	7 259	6 681	5 681	5 423	5 243	4 205
Number of full-time employees	7 171	7 003	6 393	5 442	5 195	5 015	4 021
Number of part-time employees	322	256	286	239	228	228	184
<b>▶ Age</b>							
Average age <sup>1)</sup>	41	40	42	42	42	42	41
Employees under age 30 (%)	21	22	21	19	19	17	15
Employees between ages 30 and 50 (%)	56	55	55	57	55	56	57
Employees over age 50 (%)	23	23	23	24	26	27	28
<b>▶ Percentage of women</b>							
Women as a % of the number of employees	21,4	21,2	20,9	19,5	18,8	19,5	19,5
Women in managerial positions as a % of total managerial positions	21	19	14	13	15	13	13
Shareholder-elected women on the Board (%)	40	40	40	40	40	40	40
<b>▶ Turnover</b>							
Turnover (employees who have resigned)	587	459	424	346	250	222	203
Turnover (%)	7,8	6,3	6,4	6,1	4,6	4,2	3,9
– Men	5,9	5,2	4,4	4,9	3,4	3,0	3,3
– Women	1,9	1,1	2,0	1,2	1,2	1,2	0,6

## Health and safety

	2013	2012	2011	2010	2009	2008	2007
Absence due to illness as a % of hours worked	2.5	2.4	2.2	2.5	2.6	2.4	2.4
Absence due to illness for the Norwegian companies	3.1	2.8	2.8				
Number of recordable injuries per million hours (TRI) <sup>1)</sup>	3.69	1.48	1.67	6.3	5.5	3.5	
Injury severity rate (number of days lost per one million man hours worked) (ISR) <sup>1)</sup>	15.55	13.6	1.07	22.3	58.2	5.6	
Total number of injuries among employees	86	54					
Total number of near-accidents among employees	158	78					
Registered occupational diseases	0	0					
Registered work-related fatalities	0	0					

## Climate and the environment

	2013	2012	2011	2010	2009	2008	2007
<b>CO<sub>2</sub> emissions</b>							
CO <sub>2</sub> emissions (thousand metric tonnes) <sup>2)3)</sup>	25 370	19 953	22 747	20 005	12 980	7 801	6 809
<b>Energy consumption</b>							
Electricity (MWh) <sup>1)</sup>	94 802	79 218	77 625	66 256	57 053	46 895	40 627
Gas/oil (MWh)	4 601	6 092	13 257	12 968	21 324	14 464	14 164
District heating (MWh) <sup>1)</sup>	20 342	20 844	20 041	23 903	1 739	1 208	1 239
Energy consumption (MWh) per employee	16.0	14.6	16.6	18.2	15	12	14
Energy consumption (MWh/MNOK)	7.4	7.4	7.2	6.7	5.8	5.8	6.8
<b>Waste (metric tonnes)</b>							
Waste for recycling	1 251	1 202	1 191	1 330	827	717	662
Residual waste	550	223	131	265	594	511	402
Hazardous risk	133	358	300	177	52	28	58

1) As from 2010, the reported breakdown between Kongsberg Technology park and the business areas changed so that the figures are not directly comparable with previous years.

2) Since 2010, air travel has been included in the corporate environmental accounts.

3) Most of the flights ordered by our international locations are included in the CO<sub>2</sub> accounts for 2013, accounting for a significant share of the increase from 2012 to 2013.

## EXTERNAL REPORTING

KONGSBERG also reports to various external organisations. We do this to ensure that the information we provide is structured, transparent and relevant in the light of international guidelines for reporting sustainability.



### Global Reporting Initiative (GRI)

GRI is a voluntary international framework for how companies should report on their work with corporate social responsibility and their vision and strategy for sustainable development. KONGSBERG has reported pursuant to the GRI index since 2004.



### FNs Global Compact

The Global Compact is the UN's initiative for cooperating with business and industry to promote sustainable development. The initiative was taken by then UN Secretary-General Kofi Annan in 1999. The principles consist of 10 points related to human rights, workers' rights, the environment and anti-corruption. KONGSBERG joined the initiative in 2006.



### Carbon Disclosure Project (CDP)

CDP is an international framework that encourages companies to measure and reported externally on the company's strategy in relation to climatic change and to publish the figures for the company's emissions of greenhouse gases. KONGSBERG has reported to CDP since 2011.

## GLOBAL COMPACT

Topic	GC Principles	Relevant GRI indicators*	References 2013, page
▶ <b>Human rights</b>	Principle 1 Support and respect the protection of internationally proclaimed human rights	EC5, LA4, LA6–9; LA13–14, HR1–9, SO5, PR1–2, PR8	12–13, 24, 26, 33–34, 36, GRI table
	Principle 2 Make sure the company is not complicit in human rights abuses	HR1–9, SO5	12–13, 24, 26, 33–34
▶ <b>Workers' rights</b>	Principle 3 Uphold the freedom of association and the right to collective bargaining	LA4–5, HR1–3, HR5, SO5	12, 13, 24, 26, 33–34
	Principle 4 Uphold the elimination of all forms of forced and compulsory labour	HR1–3, HR7, SO5	24, 26
	Principle 5 Abolish child labour	HR1–3, HR6, SO5	24, 26
▶ <b>Environment</b>	Principle 6 Eliminate discrimination in respect of employment and occupation	EC7, LA2, LA13–14, HR1–4, SO5	12–13, 24, 26, 36,
	Principle 7 Support a precautionary approach to environmental challenges	EC2, EN18, EN26, EN30, SO5	22–26, 25, 31
	Principle 8 Undertake initiatives to promote greater environmental responsibility	EN1–30, SO5, PR3–4	17, 22–26, 25, 30–34, 37
▶ <b>Anti-corruption</b>	Principle 9 Encourage the development and diffusion of environmentally friendly technologies	EN2, EN 5–7, EN 10, EN 18, EN 26–27, EN30, SO5	17, 22–26, 25, 31, 33
	Principle 10 Work against corruption in all its forms, including extortion and bribery	SO2–6	5, 23, 26, 28, 33

\* UN Global Compact (2007), "Making The Connection – The GRI Guidelines and the UNGC Communication on Progress", page 15. For more information about Global Compact, see [www.globalcompact.org](http://www.globalcompact.org)

## GLOBAL REPORTING INITIATIVE INDEX (GRI)

On the following pages, we list the GRI indicators with references to where the topics are discussed in the report, whether they are wholly or partially answered in respect of GRI. For a complete description of the individual indicators, please see GRI's website at [www.globalreporting.org](http://www.globalreporting.org).

Deloitte has verified that our Report on Corporate Social Responsibility is generally in compliance with GRI's reporting principles and that the reporting satisfies level B+ pursuant to the guidelines, cf. the Auditor's Report, page 43.

NR = Not relevant    NA = Not addressed    PA = Partly addressed    A = Annual Report    Additional indicators are marked by (\*)

Indicator	Profile	See page(s)	Indicator	Profile	See page(s)
<b>1</b>	<b>Strategy and analysis</b>		3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such re-statement	2, 30-32
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability strategy	4-5	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	2, 30-32
1.2	Description of key impacts, risks, and opportunities in relation to sustainability	4-5, 22-26	3.12	Table identifying the location of the Standard Disclosures in the report (GRI Index)	39-41
<b>2</b>	<b>Organizational profile</b>			<b>Third-party verification</b>	
2.1	Name of the organization	Cover	3.13	Policy and current practice with regard to seeking external assurance for the report	42
2.2	Primary brands and products	6-7, 8-11	<b>4</b>	<b>Governance, commitments, and engagement</b>	
2.3	Organization	6-7	4.1	Governance structure of the organization, including committees under the highest governance body	29, A
2.4	Location of organization's headquarters	6-7, 8-11	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	A
2.5	Number of countries where the organization operates	8-11	4.3	State the number of members of the highest governance body that are independent and/or non-executive members	A
2.6	Nature of ownership and legal form	6	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	29, A
2.7	Markets served (including geographical breakdown, sectors served and types of customers/beneficiaries)	6-7, 8-11	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	A
2.8	Key numbers	35-37	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	A
2.9	Significant changes regarding size, structure, or ownership	2	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	A
2.10	Awards received in the reporting period	None	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	22-26, 28, 33-34
<b>3</b>	<b>Report parameters</b>				
	<b>Report profile</b>				
3.1	Reporting period for information provided	2			
3.2	Date of most recent previous report	2012			
3.3	Reporting cycle	Annual			
3.4	Contact point for questions regarding the report or its contents	43			
	<b>Report scope and boundary</b>				
3.5	Process for defining report content	2			
3.6	Boundary of the report	2			
3.7	State any specific limitations on the scope or boundary of the report	2, 22-26, 30-32			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	2, 30-32			
3.9	Data measurement techniques and the bases of calculations	2, 30-32			

Indicator		See page(s)	Indicator		See page(s)
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	2, 29, A	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation*	22-26, 19, 33
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	A	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	13 (PA)
<b>Commitments to external initiatives</b>			<b>Indirect economic impacts</b>		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	22, 38	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	NA
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	2, 22-26, 28, 38	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts*	NA
<b>Stakeholder engagement</b>			<b>Environmental performance indicators</b>		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership	12, 23, 27, 38	Management approach		
4.14	List of stakeholder groups engaged by the organization	12-13, 14, 22, 24, 33-34	4-5, 6, 22-26, 25, 33-34		
4.15	List of stakeholder groups engaged by the organization Basis for identification and selection of stakeholders with whom to engage	2, 33 (PA)	<b>Materials</b>		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	2, 33 (PA)	EN1	Materials used by weight or volume	30-32 (PA)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	12-13, 14, 24	EN2	Percentage of materials used that are recycled input materials	NA
<b>Economic performance indicators</b>			<b>Energy</b>		
Management approach			4-5, 22-26, 35-37		
<b>Economic performance</b>			<b>Water</b>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	6-7, 35-37, A	EN3	Direct energy consumption by primary energy source	30-32, 37
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	22-26, 25	EN4	Indirect energy consumption by primary source	30-32, 37 (PA)
EC3	Coverage of the organization's defined benefit plan obligations	A	EN5	Energy saved due to conservation and efficiency improvements*	NA
EC4	Significant financial assistance received from government	35	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	17, 23 (PA)
<b>Market presence</b>			EN7	Initiatives to reduce indirect energy consumption and reductions achieved*	25, 33 (PA)
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation*	13 (PA)	<b>Biodiversity</b>		
			EN8	Total water withdrawal by source	32
			EN9	Water sources significantly affected by withdrawal of water*	NA
			EN10	Percentage and total volume of water recycled and reused*	NA
			EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NR
			EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	NR
			EN13	Habitats protected or restored*	NR
			EN14	Strategies, current actions, and future plans for managing impacts on biodiversity*	NR
			EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk*	NR
			<b>Emissions, effluents and waste</b>		
			EN16	Total direct and indirect greenhouse gas emissions by weight	30-32, 37



Indicator		See page(s)
EN17	Other relevant indirect greenhouse gas emissions by weight	NA
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved*	22-26, 25, 31
EN19	Emissions of ozone-depleting substances by weight	NA
EN20	NOx, SOx, and other significant air emissions by type and weight	NA
EN21	Total water discharge by quality and destination	NA
EN22	Total weight of waste by type and disposal method	32, 37
EN23	Total number and volume of significant spills	31, 37
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally*	NA
EN25	Identity, size, protected status, and bio-diversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff*	NA
<b>Products and services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	NA
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	NA
<b>Compliance</b>		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations registered transport	None registered
<b>Transport</b>		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce*	31 (PA)
<b>Overall</b>		
EN30	Total environmental protection expenditures and investments by type*	NA
<b>Labour practices and decent work performance indicators</b>		
	Management approach	4-5, 12-13, 22, 26
<b>Employment</b>		
LA1	Total workforce by employment type, employment contract, and region	8-11, 36
LA2	Total number and rate of employee turnover by age group, gender, and region	36 (PA)
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations*	NA
LA4	Percentage of employees covered by collective bargaining agreements	13 (PA)

Indicator		See page(s)
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	NA
<b>Occupational health and safety</b>		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety-programs*	13 (PA)
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	12-13, 36
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	12-13 (PA)
LA9	Health and safety topics covered in formal agreements with trade unions*	12-13 (PA)
<b>Training and education</b>		
LA10	Average hours of training per year per employee by employee category	NA
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings*	12-13
LA12	Percentage of employees receiving regular performance and career development reviews*	NA
<b>Diversity and equal opportunity</b>		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	12-13, 36 (PA)
LA14	Ratio of basic salary of men to women by employee category	NA
<b>Human rights performance indicators</b>		
	Management approach	4-5, 22, 24
<b>Investment and procurement practices</b>		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	NA
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	24, 26 (PA)
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained*	24, 26
<b>Nondiscrimination</b>		
HR4	Total number of incidents of discrimination and actions taken	24
<b>Freedom of association and collective bargaining</b>		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	12-13, 33-34 (PA)
<b>Child labour</b>		

Indicator		See page(s)
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	24
	<b>Forced and compulsory labor</b>	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	24
	<b>Security practices</b>	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations*	24
	<b>Indigenous rights</b>	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken*	24
<b>Society performance indicators</b>		
	Management approach	4-5, 22, 23, 26
	<b>Community</b>	
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	NA
	<b>Corruption</b>	
SO2	Percentage and total number of business units analyzed for risks related to corruption	23, 26
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	28
SO4	Actions taken in response to incidents of corruption	5, 23, 28, 33
	<b>Public policy</b>	
SO5	Public policy positions and participation in public policy development and lobbying	NA
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country*	NA
	<b>Anti-competitive behavior</b>	
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes*	28
	<b>Compliance</b>	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	5, 28

Indicator		See page(s)
<b>Product responsibility performance indicators</b>		
	Management approach	4-5, 15, 22, 33-34
	<b>Customer health and safety</b>	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	NA
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes*	NA
	<b>Product and service labeling</b>	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	NA
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes*	NA
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	NA
	<b>Marketing communications</b>	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	NA
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes*	None registered
	<b>Customer privacy</b>	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data*	None registered
	<b>Compliance</b>	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	None registered

If you have views or questions related to the report or topics mentioned in it, please contact Nils Molin, responsible for Sustainability and CSR at KONGSBERG: [nils.molin@kongsberg.com](mailto:nils.molin@kongsberg.com)

## AUDITOR'S REPORT 2013

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To the management of Kongsberg Gruppen

### INDEPENDENT AUDITOR'S REPORT

We have reviewed certain information presented in the KONGSBERG – Sustainability Report 2013 (“the Report”). The Report is the responsibility of and has been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 “Assurance Engagements other than Audits and Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included the subject matters on which we provide our conclusion below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have conducted interviews of the managers responsible for sustainability aspects at corporate and selected reporting units represented by Kongsberg Teknologipark AS in Kongsberg (Norway) and the head office of Kongsberg Oil & Gas Technologies in Asker (Norway).

We believe that our work provides an appropriate basis for us to draw a conclusion with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

#### Conclusion

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- Kongsberg Gruppen has applied procedures to collect, compile and validate sustainability data for 2013 from its reporting units to be included in the Report, as summarised on pages 2 – 3, and data presented for 2013 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Data reported for 2013 from the reporting units visited, as specified above, has been reported according to the procedures noted above and is consistent with source documentation presented to us.
- Information about attainment of targets, as presented on page 33, appropriately reflects performance related to the objectives for 2013.
- The Report fulfills the content requirements for reporting in regards to sustainability as stated in the (Norwegian) Accounting Act, § 3-3c, article one.
- Kongsberg Gruppen applies a reporting practice for its sustainability reporting that is aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version 3.1) reporting principles and the reporting fulfils Application Level B+ according to the GRI guidelines. The GRI Index presented on pages 39 – 41 appropriately reflects where relevant information on each of the elements and performance indicators of the GRI guidelines is presented. The Company’s reporting on the UN Global Compact is consistent with the description on page 3 and the UN Global Compact table presented on page 38 appropriately reflects where relevant information on each of the UN Global Compact principles is presented in the Report.

Oslo, 27 March 2014  
Deloitte AS

  
Eivind Skaug  
State Authorised Public Accountant (Norway)

  
Frank Dahl  
Deloitte Sustainability

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