

# Board of Directors Rules of Procedure

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## Document history

Table 1 Document history

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## References

Table 2 References

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[1]	KM-MAN-0044	Manual for managing Conflicts of Interest

## Disclaimer

Kongsberg Maritime ASA endeavours to ensure that all information in this document is correct and fairly stated, but does not accept liability for any errors or omissions unless and to the extent otherwise is expressly agreed in writing between the parties under contract.

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## Abbreviations and definitions

*Table 3 Abbreviations and definitions*

<b>Abbreviation</b>	<b>Definition</b>

## 1 Purpose of the Board instructions

The Board of Directors of Kongsberg Maritime ASA has the ultimate responsibility for the management of Kongsberg Maritime ASA. The purpose of these Board instructions is to lay down guidelines for the Board's work and procedures, the matters to be dealt with by the Board, the Board's authority and competence, as well as guidelines for the division of responsibilities between the Board and Kongsberg Maritime ASA's President and CEO (the "CEO"). In addition, the work of the Board of Directors shall comply with all applicable laws and regulations, including the Public Limited Liability Companies Act (No: Allmennaksjeloven) as well as the Norwegian Code of Practice for Corporate Governance (NUES).

The Board of Directors of Kongsberg Maritime ASA may, within the framework of applicable legislation, decide to deviate from the instructions in individual cases if this is deemed necessary to safeguard the interests of Kongsberg Maritime ASA.

## 2 Notice of Board meetings

Normally, eight (8) Board meetings shall be held each calendar year. By November each year, the CEO shall, in consultation with the Chair of the Board, draw up a proposal for a meeting schedule and general items on the agenda for the Board meetings for the next calendar year.

The Chair of the Board shall ensure that relevant matters pertaining to the Board are dealt with, and the Board members and the CEO may require the Board to consider specific matters.

Board meetings are convened by the Chair of the Board or the CEO, or a person appointed by these. The notice must be posted on the Board portal prior to the Board meeting or sent to all Board members. All Board members shall be given the opportunity to participate in Board deliberations. The CEO shall participate in the Board meetings. If any members of the Board of Directors or the President and CEO are prevented from attending Board meetings, they shall immediately notify the Secretary of the Board, who shall summon any deputy representatives.

Generally, Board meetings must be convened with at least seven (7) days' written notice, either via the Board portal or directly to the Board members. Written notice is also considered to be an e-mail address to the email address designated by the Board members and the CEO. Notice may be given in other ways and with a shorter deadline in special cases where the Chair of the Board finds that the nature of the case or cases makes this justifiable, and the notice period is long enough to give the Board members time to prepare for the matters referred to in the notice. The latter requirement for a notice period may be set aside if something else is not practically possible, the nature of the case necessitates it, and proper case processing is ensured at the Board meeting.

### 3 Board resolutions

The CEO, in consultation with the Chair of the Board, is responsible for proper preparation and documentation of matters to be considered by the Board. Necessary preparatory documents and proposals for decisions shall, as far as possible, be attached to the notice. Board documentation shall contain sufficient and complete information to provide the Board members with an overview and the necessary basis for dealing with the matter in question.

The Board may make a decision when more than half (50%) of the members are present or participate in the Board's deliberations, provided that all Board members have been given the opportunity to participate in the proceedings as far as possible. The CEO, or a person appointed by the CEO, shall be responsible for the presentation of the individual Board matter.

The Board shall consider matters in a meeting, unless the Chair of the Board finds that the matter can be submitted in writing or dealt with in another satisfactory manner. Matters of significant importance to the business, such as mergers, acquisitions or other significant changes to the Company's ownership structure, significant investments and the conclusion of other agreements of significant importance to the Company, shall be dealt with at a meeting unless there are weighty reasons for consideration outside the meeting. The Company's annual accounts and annual report, as well as the determination of salary and other remuneration to the CEO, shall always be discussed at a meeting.

The Chair of the Board shall ensure that the Board members can, as far as possible, participate in the overall consideration of matters that are dealt with without a meeting. The members of the Board of Directors and the President and CEO may request that meetings be dealt with. Board meetings are chaired by the Chair of the Board, and in the absence of the Chair of the Board, or in the absence of both, by the person appointed by a majority of the Board members.

A decision by the Board requires that a majority of the Board members participating in the consideration of a matter have voted in favour. In the event of a tie, what the chairperson has voted for shall apply. Those who have voted in favour of a proposal that entails a change in the existing conditions must nevertheless always constitute more than a third of all Board members.

### 4 Protocol

The Secretary of the Board of Directors or the President and CEO shall keep minutes of the Board's proceedings. The minutes must at least state the time and place, the participants, the method of processing and the Board's decisions. It must be stated that the Board had a quorum and that all Board members have been given the opportunity to participate in the proceedings as far as possible. The minutes must also state whether the decision is unanimous or, if applicable, who

voted for and against the proposal. The CEO or Board members who do not agree with a decision may request that their comments be recorded in the minutes.

The minutes shall be posted on the Board portal as soon as practically possible after the Board meeting has been held. When the minutes have been approved at the following Board meeting, they must be signed. The minutes must be signed by all Board members who have participated in the Board's deliberations. In addition, Board members who have not participated in the deliberations must confirm that they have been presented with the minutes of meetings in which they did not participate by signing the minutes with "SETT". If significant changes are adopted in relation to the draft minutes that have been sent to the Board members, a copy of the final minutes shall be sent to the Board members who request this. A copy of the signed Board minutes must be sent to the Company's auditor.

The CEO is responsible for ensuring that original Board minutes and Board documents are stored together and in a proper manner in a locked and fireproof cabinet, as well as in electronic format, for at least ten (10) years.

## **5 The Board's competence and matters to be considered by the Board**

The Board of Directors is responsible for the management of Kongsberg Maritime ASA and shall ensure a sound organisation of the business, including supervising the day-to-day management and Kongsberg Maritime ASA's operations in general. It is the responsibility of the Board of directors to make decisions, and possibly in individual cases, to authorise decisions in matters that, due to the nature of the business, are unusual or of great importance to the Company within the scope of the right of delegation permitted by law.

The Board of Directors shall ensure that Kongsberg Maritime ASA complies with the legislation in force at any given time and that Kongsberg Maritime ASA complies with the Norwegian Code of Practice for Corporate Governance as laid down at any time by the Norwegian Corporate Governance Board (NUES), as well as relevant White Papers (Stortingsmelding) regarding "Statlig Eierskap", and the OECD Guidelines on Corporate Governance of State-Owned Enterprises. The Board shall also ensure that the Company safeguards its reputation in relation to owners, employees, customers, the general public and the capital market in a good manner. The Board shall ensure that annual plans are prepared for its work, with a particular focus on goals, strategy and implementation.

The Board shall prepare or ensure that necessary guidelines and instructions are prepared for the Company and its employees, including for the Board, Board committees and the CEO.

The Board of Directors shall, to the extent necessary, adopt strategies, business plans and plans for financial reporting for the Company and its subsidiaries' operations, including making necessary decisions. The Board of Directors shall lead Kongsberg Maritime ASA's long-term and strategic planning and keep itself informed of the Company's market conditions and customer relations. The Company shall have guidelines for ethics and corporate social responsibility that apply to all employees and trustees.

The Board shall implement necessary measures with a view to achieving a result, a return on capital employed and other key figures that contribute to good value development. Kongsberg Maritime ASA's capital will be used for activities that focus on Kongsberg Maritime ASA's objectives and that contribute to realising the value-creating goals. The Board shall adopt and supervise the budget, financial reporting and business plans, and any deviations from these. The Board shall keep itself informed of the day-to-day activities by reporting operations and financial matters and adopt accounts. The Board shall require that the ongoing reporting is adequate and follow up the goals set. The Board of Directors shall ensure that Kongsberg Maritime ASA's reporting and other communication to the market provides investors and other stakeholders with a sound basis for assessing the Company's operations, its strategy and the objectives towards which it is steered.

The Board shall ensure that Kongsberg Maritime ASA's most important business and operational risks are identified and that measures to address these are implemented. The Board shall ensure that guidelines and procedures for internal control have been drawn up, and that annual subsequent evaluations are made of Kongsberg Maritime ASA's compliance with this. An annual review will be carried out of Kongsberg Maritime ASA's most important risk areas and internal control.

The Board of Directors shall supervise and determine the overall organisation of Kongsberg Maritime ASA's and its subsidiaries' activities, including the management of and in subsidiaries. The Board of Directors shall appoint the Company's general manager, determine his/her terms of employment, lay down instructions for the position, and supervise and annually evaluate his/her performance of his/her duties. Prior to the Annual General Meeting, the Board of Directors shall prepare a declaration on the determination of salary and other remuneration to the CEO and other senior executives.

The Board shall ensure that the terms, costs and risk factors in Kongsberg Maritime ASA's pension and personnel insurance schemes are presented and that guidelines are prepared for employees to report censurable conditions. The Board of Directors follows up the management of Kongsberg Maritime ASA's knowledge resources and the Company's personnel policy.

The Board constitutes itself and must elect the Chair and deputy Chair when the person in question is up for election. Once a year, the Board shall carry out an evaluation of its work and function. The Chair of the Board is responsible for ensuring that the evaluation is carried out.

## 6 Board Committees

There will be two permanent Board committees in Kongsberg Maritime ASA: (1) The Audit and Sustainability Committee and (2) The Compensation Committee. The Board may establish other Board committees in connection with individual cases and projects if, depending on the circumstances and the nature of the matter, there is a need.

The tasks and case processing of the Audit and Sustainability Committee and the Compensation Committee are regulated in separate instructions laid down by the Board. The Audit and Sustainability Committee and the Compensation Committee's opinions are advisory and not binding on the Board.

## 7 Division of responsibilities between the Board of Directors and the CEO

The CEO is responsible for the day-to-day management of the Company's operations and shall comply with the guidelines and orders issued by the Board of Directors, including the instructions for the CEO in force at any given time. The CEO makes decisions in all matters where the authority does not fall within the authority of the Board, as well as in matters where it is of crucial importance to the Company that decisions are made quickly within the limits permitted by law. In such cases, the Chair of the Board and the Board shall be informed of the decision as soon as possible.

The CEO shall ensure that the Company's accounts are in accordance with laws and regulations and that asset management is arranged in a satisfactory manner.

The Board may at any time request that the CEO provide the Board with a more detailed account of specific matters. Such an account may also be required of the individual Board member. The CEO shall, at least every month or as often as the Board deems necessary, in writing or at a meeting, provide the Board with a report on the business, the Company's position and the development of profit as further determined by the Board and/or as further described in the instructions for the CEO.

## 8 Independence and disqualification

The Board shall act independently of special interests. The Board of Directors of Kongsberg Maritime ASA has chosen to define independence in this context through the following points:

- Board members shall normally not receive any remuneration other than the Board fees and fees for work in Board committees. In the event of deviations from the main rule, this must be approved by the entire Board and recorded. In the event of a significant transaction between the Company and the Board member or CEO, an independent assessment must be obtained from a third party.
- The members of the Board of Directors shall inform the entire Board of Directors of any relations with or interests in Kongsberg Maritime ASA's significant business contacts or transactions.
- The Board fee shall not be performance-dependent, and options shall not be granted to the Board members.
- Cross-relations between Board members, the CEO or the rest of the administration must be avoided.
- The Board members must not have, or represent, significant business relationships with the Company.

If a Board member is in doubt about his or her own impartiality, the matter shall be considered by the Board.

In the case of impartiality, the principles in Kongsberg Maritime ASA's directive "Directive for managing Conflicts of Interest KM-MAN-0044" shall be taken into account. It will also be considered whether an independent valuation should be obtained. The conclusion of the impartiality issue shall be recorded.

The "Directive for managing Conflicts of Interest KM-MAN-0044" also applies to the members of the Board of Directors, and so that the "Conflict of Interest Declaration" shall be reviewed by the CEO in cooperation with the Chief Compliance Officer and/or the Board Secretary after the Board's deliberations.

## 9 Main principles for takeovers

In any acquisition situations, the Board shall contribute to ensuring that the shareholders of the Company are treated equally and that the Company's activities are not unnecessarily disrupted. The Board shall seek to help ensure that shareholders have sufficient information and sufficient time to be able to decide on a takeover bid.

If a bid is made for the Company's shares, the Board of Directors shall issue a statement which should include an assessment of the offer and a recommendation to the shareholders whether or not they should accept the offer. In this assessment, the Board should, among other things, take into account how a possible acquisition will affect the Company's long-term value creation. The statement must be justified and an independent assessment from a third party must be provided if necessary.

## 10 Confidentiality and duty of confidentiality

All information and documentation that the Board of Directors and management receive from the Company or otherwise become aware of that must be considered confidential for the Company or of importance in relation to the valuation of securities issued by Kongsberg Maritime ASA shall be treated as confidential and confidential. This includes, among other things, information that must be regarded as inside information pursuant to the Securities Trading Act. Each Board member is responsible for ensuring that the material he/she has received is stored in a secure manner.

The CEO ensures that information is provided internally in line with the Board's information strategy on matters that have been discussed at Board meetings. The Board of Directors may decide whether the CEO shall provide information on a particular matter.

Board members shall not comment to outsiders or to the media on matters dealt with in Board meetings. To the extent that such statement or information is necessary or desirable, it shall be provided by the Chair of the Board of Directors or the President and CEO as agreed between them. Board members may only make statements to the extent that prior approval has been obtained from the Board or the Chair of the Board.

The Board and the members of management have an unconditional duty of confidentiality with regard to the information and documentation they receive and what is discussed at the Board meetings, unless it is expressly considered at the Board meeting to be intended for publication. The duty of confidentiality also applies after the Board member resigns. The members of the Board of Directors and the President and CEO may consult their own adviser in connection with matters to be dealt with by the Board, provided that information provided to advisers is kept confidential, in accordance with applicable instructions in Kongsberg Maritime ASA and applicable law at any given time.

## 11 Entry into force

The document will enter into force from the date the Board gives its approval.