

Anti-Corruption policy



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1. Introduction

Kitron opposes any form of corruption and strives to prevent corruption in and as a result of Kitron's business activities.

This Anti-Corruption Policy strives to fulfil the ethical standards in Kitron's Ethical Code of Conduct and describes the requirements, standards and legal requirements Kitron employees must adhere to in order to actively prevent corruption.

2. Ethical code of conduct

Kitron's Ethical Code of Conduct presents Kitron's obligation and commitment to ethical business practices and describes the standards and requirements that Kitron employees must adhere to in their work. It is mandatory to comply with the Ethical Code of Conduct. Breaches to the Code or to relevant statutory requirements may result in disciplinary actions or dismissal and may be reported to the relevant authorities.

All persons employed by Kitron or working for Kitron must be familiar with and adhere to the requirements set out in the Ethical Code of Conduct and in this Anti-Corruption Policy.

3. Ethical Committee

The goal of Kitron's Ethics Committee is to ensure that Kitron maintains a high-level focus on issues related to ethics and anti-corruption and a common understanding and practice regarding how best to address and follow up on these issues.

The Ethics Committee meets as needed but at least three times a year. Members of the Ethics Committee include:

- COO
- CFO
- HR Director
- Sales and marketing director

The head of the Ethical committee reports to CMT (the Kitron Corporate Management team) who in turn reports to the board of Kitron ASA.

4. Risk analysis, monitoring, responsibilities and reporting

4.1. Risk analysis and reporting

Kitron regularly assesses its exposure to potential external and internal risks of corruption. In assessing the potential corruption risks of particular markets, Kitron seeks to obtain, as early as possible, an understanding of the local laws, regulations, conditions, business culture and the individuals and entities with which Kitron must interact in conducting its business. By identifying, prioritizing and mitigating the corruption risks of particular projects or business opportunities, Kitron reduces its overall exposure to corruption-related risks.



At least once a year an extended CMT group conducts a risk analysis to identify the external and internal risks of corruption that the business may encounter. The assessment covers the risks identified below:

- Country or location of operations
- Nature of business operations and the activities (both front and back office)
- The extent to which business activities are carried out on the organisation's behalf by third parties, such as agents and other intermediaries
- Corporate structures, such as joint ventures, or others involving independent third party stakeholders
- Relevant legal and regulatory requirements

The corruption risk assessment is to be updated once a year to reflect changes in the business environment, new business ventures, new locations of activity, new corporate acquisitions and joint ventures, etc.

Based on the assessment, the head of the Ethical Committee drafts a report, with input from the business, to be submitted to the CMT and the board of directors. The report includes a description of the corruption risks faced by the business and recommended actions to mitigate each identified risk.

4.2. Monitoring

Kitron regularly monitors the extent to which its anticorruption policies and procedures have been implemented and followed throughout the organisation. This monitoring process includes an evaluation of the effectiveness of such policies and procedures and inquiries into possible noncompliance by Kitron personnel, joint venture partners and others acting on Kitron's behalf. Monitoring takes place at different managerial levels within Kitron. It is a management responsibility to monitor and evaluate the compliance with adopted rules and policies. Example of controls carried out:

- Follow-up of action list from corruption risk assessment
- Review of due diligence reports (counterparts)
- Review of training log (required training carried out)
- Review of selected internal transactions

4.3. Responsibilities

4.3.1. The Ethical Committee

The Ethical Committee is on behalf of the CMT responsible for:

- Monitoring the development of anti-corruption legislation and other regulatory requirements in countries where Kitron has or plans to have activities
- Providing guidance on ethics and anti-corruption issues, including the Ethical Code of – Conduct and other anticorruption laws, regulations, policies and procedures
- Initiating and formulating the mandate for investigations into potential violations of anti-corruption laws and regulations
- Reporting annually to the CMT and the Board of Directors on the implementation and effectiveness of the anti-corruption activities

4.3.2. The CMT

The CMT is responsible for:

- Carrying out an annual integrity risk assessment to identify and prioritize the internal and external corruption risks faced by the business, and following such risk assessments, identify potential areas for improvement in Kitron's internal structures and procedures and recommend actions to mitigate the identified risks



- Making sure that activities in their respective areas are carried out in accordance with the Ethical Code of Conduct and this Anti-Corruption Policy
- Conducting integrity due diligence on counterparties

4.4. Whistleblowing / reporting

Kitron personnel are required to report immediately any suspected violation of Kitron's Anti-Corruption Policy. Suspected violations can be reported to the employee's manager, his/her manager's manager, any member of the Ethical Committee, or the Kitron webpage "Whistleblowing".

Kitron will not implement sanctions in any form against any person who, in good faith and in a responsible manner, informs persons in positions of responsibility or internal entities about possible breaches of Kitron's Anti-Corruption Policy or applicable laws. Kitron prohibits retaliation against anyone for making a good-faith report. All reports of suspected violations are taken seriously and will be followed up, as appropriate. Reports may be made anonymously.

Any manager, who receives a report of a suspected violation of anti-corruption laws and regulations, or Kitron's Anti-Corruption Policy, must immediately notify the head of the Ethical committee.

5. Corruption types

5.1. Bribery of Public Officials

Promising, offering, giving, or authorizing the offering or giving, of money or anything of value to a public official – either directly or through an intermediary – to secure an improper advantage, qualifies as bribery.

"Anything of value" in this case clearly prohibits more than monetary payments, and includes services, goods and all other non-cash advantages, for example paying for services for family member or providing certain goods.

Direct and indirect payments are equally prohibited. Thus, payments to public officials made through intermediaries, such as consultants and agents, are prohibited, as well as payment to close relatives.

Under most anti-corruption laws, and as used in this Policy, the term Public Official includes:

- elected or appointed officials;
- employees of national, regional or local government (such as inspectors, mayors, and customs agents);
- employees of government-owned or -controlled entities, including corporations or partnerships (such as state-owned oil companies, utilities, media organisations, health care institutions, sovereign wealth funds and the like);
- employees of international public organizations (such as the United Nations, European Union, World Bank and other international development agencies);
- political party officials or candidates for public office;
- members of royal families, and
- any person acting in an official capacity on behalf of a government, government agency, government-owned enterprise or public international organization



5.2. Public sector bribery

The Norwegian Penal Code and the UK Bribery act prohibit bribery within the public sector. It is illegal – either directly or through an intermediary – to offer anything of value to violate the person’s duty of loyalty to the employer in question or to achieve an improper advantage. These laws also make it illegal to request or receive anything of value in violation of a duty of loyalty to one’s employer, or to receive an improper advantage in connection with one’s position.

5.3. Facilitation payments

A facilitating payment is a small payment to secure or expedite a routine government action to which one is legally entitled, such as issuing a license to do business, processing a visa, providing police protection, securing mail service or similar. Kitron prohibits facilitation payments.

Kitron’s prohibition of facilitating payments does not apply to situations in which Kitron personnel must make a payment to avoid a serious medical or safety emergency. In such a situation, approval must be sought from the person’s manager or the Ethical Committee.

6. Relationships with Suppliers, Intermediaries, Partners and Other Counterparties

Kitron and its subsidiaries do business with a range of counterparties. Counterparties are all individuals with whom or entities with which Kitron has entered or is considering entering into a business relationship and include partners, suppliers, agents, consultants and other intermediaries.

Entering into a contract with or engaging counterparty entails risk because Kitron can incur legal liability and reputational damage as a result of misconduct by individuals or entities acting on Kitron’s behalf.

For these reasons, a business relationship with a potential counterparty may only be established or amended if the resulting relationship satisfies Kitron’s integrity due diligence as set forth below. In addition, Kitron expects counterparties to adhere to ethical standards consistent with Kitron’s ethical requirements and to comply with Kitron’s Supplier Code of Conduct.

6.1. Counterparty Due Diligence

Suppliers, customers and other relevant business partners such as acquisition targets, agents etc, should be subject to a risk-based process of due diligence in line with the level of bribery risk to which they might expose to Kitron.

Such due diligence should be carried out prior to entering into a commercial relationship with the third party and at appropriate intervals thereafter for longer-term relationships. All transactions and business relationships that could give rise to bribery risk are subject to (ideally advance) approval by persons of sufficient seniority and independence from those initiating such transactions or relationships. Such approval includes adequate consideration of the justification and intention behind such transactions and relationships and not simply whether all the right paperwork is in place.

The due diligence shall give a clear view of which warning signs potentially emerging from due diligence that would lead to a rejection (or termination) of a business relationship or transaction.



7. Transactions and records

No false, misleading or artificial entries may be made on Kitron's books and records.

All Kitron employees must take appropriate steps to ensure that Kitron makes and maintains books and records reflecting accurately and in reasonable detail any transaction involving Kitron, or Kitron assets.

Whenever any Kitron business unit makes a payment or asset disposition described in this Policy, the recipient must be identified in the business unit's books and records and the amount of the payment or value of any assets that are transferred, as the case may be, must be recorded in the business unit's books and records.

All records generated because of the policies and procedures described in this Policy, including due diligence questionnaires, checklists, forms and certificates, must be maintained for a time period consistent with Kitron's policy and local law.

8. Training

All appropriate Kitron personnel are required to attend periodic anti-corruption training to ensure that Kitron's ethical values and anti-corruption policies and procedures are understood and implemented at all levels. In addition, Kitron personnel whose job functions or tasks expose them to greater corruption risks are required to attend in-depth training (for example employees within sales, sourcing and finance).



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Kitron ASA
Olav Brunborgs vei 4
P.O. BOX 97
NO-1375 Billingstad
Norway

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www.kitron.com