

Communication on Progress from Nammo 2014

With reference to www.nammo.com

- www.nammo.com/who-we-are/about-us



SECURING THE FUTURE

search

WHO WE ARE

WHAT WE DO

NEWS AND EVENTS

CAREER

DOWNLOADS

ABOUT US

LOCATIONS

SPONSORING

FINANCIAL INFORMATION

CSR

OTHER NAMMO WEB-SITES

LIMITED ACCESS

Business units

Management

Board of Directors

Corporate Governance

ABOUT US

Headquartered in Raufoss, Norway, Nammo Group is a technology-driven aerospace and defense group specializing in high-performance defense and space solutions. The company was founded in 1998, based on a merger of three major Nordic defense companies: Celsius AB, Patria Oyj, and Raufoss ASA.

Ownership

The Nammo Group's shareholders are the Norwegian Government represented by the Norwegian Ministry of Trade, Industry and Fisheries (50 percent) and the Finnish Defense and Aerospace Group, Patria Oyj (50 percent).

Organization

The Nammo Group is driven by precision engineering, a dedication to safeguarding the environment, and the development of innovative, global solutions. With a total of 22 production sites and sales offices, the Nammo Group operates through 5 business units: Small Caliber, Medium and Large Caliber, Missile Products, Demilitarization, and Nammo Talley.

The company employs 2,200 experts in 9 countries, and the company's annual revenue is USD 600 million (EUR 450 million).

Core business

Nammo Group's innovative, wide-ranging products and services are implemented world-wide. Its broad portfolio includes shoulder-launched munitions systems, military and sports ammunition, rocket motors for military and space applications, and environmentally friendly demilitarization services.

Customer base

As a technology-driven aerospace and defense group, the majority of Nammo's business comes from national armed forces and national defense industries in the countries where the organization operates. The remaining portion of the company's business is comprised of commercial sales of services and sports and security products.

Business units

Management

Board of Directors

Corporate Governance

BUSINESS UNITS

Nammo operates through five business units, which are the operational management divisions of Nammo.

Small Caliber Division

Technology, services, propellants and products of small caliber ammunition, ranging from 4.6 to 9.3 mm, including combat and premium projectiles, cartridge technology and commercial brands.

- Nammo Lapua (Lapua, Finland)
- Nammo Lapua (Vantaa, Finland)
- Nammo Vanäsverken (Karlsborg, Sweden)
- Nammo Schönebeck (Schönebeck, Germany)
- ND PressTec (Schwerte, Germany)
- Nammo Tactical Ammunition (Mesa, USA)
- Nammo Vihtavuori (Vihtavuori, Finland)

Medium & Large Caliber Division

A broad range of medium and large caliber combat and training ammunition for army, navy and air force applications.

- Nammo Raufoss (Raufoss, Norway)
- Nammo Bakelittfabrikken (Aurskog, Norway)
- Nammo LIAB (Lindesberg and Karlskoga, Sweden)
- Nammo Lapua, (Vihtavuori, Finland)
- Nammo MTH (Héremence, Switzerland)
- Nammo Palencia (Palencia, Spain)

Nammo Talley

Four product lines covering 66 mm and 83 mm shoulder-launched munition systems, composite solutions and energetic materials systems.

- Nammo Talley (Mesa, Arizona, USA)
- Nammo Talley (Columbus, Mississippi, USA)
- Nammo Talley (Davidsville, Pennsylvania, USA)
- Nammo Composite Solutions (Salt Lake City, Utah, USA)

Missile Products Division

Development and production of advanced rocket motor segments in air-to-air, ground-to-air and space applications, including high-performance thrust vector control systems and advanced warheads.

- Nammo Raufoss (Raufoss, Norway)

Demil Division

Disposal and demilitarization of conventional ammunition and explosive products.

- Nammo Vingåkersverken (Vingåker, Sweden)
- Nammo Buck (Pinnow, Germany)
- Nammo NAD (Løkken Verk, Norway)

Business units

Management

Board of Directors

Corporate Governance

MANAGEMENT

The Group Management consist of the President & CEO, CFO, SVP's in Corporate and EVP's from each of the five business units.



Edgar Fossheim

President & CEO



Peter Lerche Raadal

Senior Vice President Finance & CFO



Ola Skrivervik

Senior Vice President Business Development



Bertil Pålstrup

Senior Vice President Human Resources



Sissel Solum

Senior Vice President Communication



A. Erland Paulsrud

Vice President Business Development



Raimo Helasmäki

Executive Vice President Small Caliber Division



Kjell Kringsjå

Executive Vice President Medium & Large Caliber Division



Reijo Bragberg

Executive Vice President Demil Division



Morten Brandtzæg

Executive Vice President Missile Products Division



Scott Selle

President Nammo Talley

- www.nammo.com/who-we-are/csr/archive/board-of-directors1/

Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

BOARD OF DIRECTORS 2013

The Board of Directors in Nammo AS shall according to the Shareholders Agreement consist of 6 to 8 Directors.

Three from each owner and two Directors representing the employees. The employees may also nominate one additional observer so that in total Norway, Sweden and Finland are represented. The Chairman of the Board alternates yearly between the two owners. The Board of Directors meets regularly with a minimum of four times per year.

SHAREHOLDERS REPRESENTATIVES



Jan Erik Korsstjøn

Chairman
CEO (Ret.) for Kongsberg
1999-2008



Heikki Allonen

Vice Chairman
President and CEO, Patria Oyj



Sirpa-Helena Sormunen

Board Member
General Council, Patria Oyj



Dag Opedal

Board Member
CEO, Alcaran AS



Tone Lindberg Hofstad

Board Member
CEO, Habu Technology AS



Jukka Holkeri

Board Member
Chief Strategy Officer, Patria Oyj

EMPLOYEE REPRESENTATIVES



Einar Linnerud

Board Member
Operator, Nammo Raufoss AS
and Leader in the Metal Union



Petri Kontola

Board Member
Contract Manager, Nammo
Lapua Oy

EMPLOYEE OBSERVER



Astrid Berg Ardesjö

Observer
Economy Assistant, Nammo
LIAB AB

Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

CSR

One step further

Every day Nammo earns its license to operate. Every year we take steps forward to improve our CSR performance. Nammo has a strong ambition to be a positive contributor to the development of the local society wherever we have our production facilities. Therefore we engage in various activities like sports, science centers and other cultural events with focus on children and youth.



[Executive summary](#)

[Ethics](#)

[Environment](#)

[People](#)

[Society](#)

[Global Reporting Initiative](#)

[UN Global Compact](#)

[Archive](#)

EXECUTIVE SUMMARY

We strive to be a workplace that all our employees are proud to be a part of. Nammo promotes sustainable development through business operations that emphasizes environmental, ethical and social considerations. Nammo is committed to ensuring that human and labor rights, environmental considerations and the anti-corruption act are respected in its business activities and by the Group's suppliers.

Integration

In 2013 we expanded our business through three acquisitions; Nammo Pocal Inc., Nammo Palencia S.L. and Nammo Vihtavuori Oy propellant plant. The work has started both with the integration into the Nammo family and the implementation of Nammo standards.

Priority

Health, environment, safety and security will always have the highest attention and priority in Nammo. Through education, training and annual audits we ensure that Nammo employees know the company's standards and annual goals for environmental issues.

Ethics

In 2013 Nammo implemented the revised Ethical Code of Conduct and started ethical dilemma training for key personnel in the organization. Nammo shall be characterized by its high ethical standards. The new version of our Ethical Code of Conduct is committed to the UN Global Compacts 10 principles. Nammo delivered its first company report to the UN Global Compact in 2013.

Diversity

Nammo is committed to ensuring diversity in the Group, and equal opportunities for all employees is a key element of the human resources policy. This applies in particular to recruitment, career development, equal pay for equal work and working conditions. Activities to motivate female university graduates and women with other relevant educational background to join the company will continue to be an important endeavor in the future. Today women account for 26.5 percent of the employees. Our goal is to increase this percentage. We will therefore work on strengthening Nammo's profile in order to increase our attractiveness as a preferred career choice also for women.

Diversity

Nammo is committed to ensuring diversity in the Group, and equal opportunities for all employees is a key element of the human resources policy. This applies in particular to recruitment, career development, equal pay for equal work and working conditions. Activities to motivate female university graduates and women with other relevant educational background to join the company will continue to be an important endeavor in the future. Today women account for 26.5 percent of the employees. Our goal is to increase this percentage. We will therefore work on strengthening Nammo's profile in order to increase our attractiveness as a preferred career choice also for women.

Discrimination

We do not tolerate discrimination on the basis of gender, race, religion, national or ethnic origin, cultural background, social group, disability, family status, age or political views. However, the recruitment of personnel must be performed in accordance with the national security authorities in the respective countries.

Arms Trade Treaty

One of the UN initiatives from 2006 was to establish an Arms Trade Treaty, a legally binding instrument on the highest possible common international standards for the transfer of conventional arms. Nammo participated as an industrial observer representing the Norwegian Defense Industry in close cooperation with other European industry representatives. The industry, the non-governmental organizations and their national government officials worked closely together in order to finalize a treaty text realistic to be implemented within all the UN member countries until the Treaty was adopted by the General Assembly on 2 April 2013.

UN Global Compact

The insight given us by the participation in the UN Global Compact is valuable. We joined the UNGC leader summit, and have decided, within the program, to concentrate on four main areas; Empowering women, anti-corruption work, abolishing child labor and environmental friendly innovation. As previous years we report on Environment, People and Society at the standards of the Global Reporting Initiative (GRI).

GRI

2013 was the fifth year that Nammo reported according to be the Global Reporting Initiative (GRI) standard for sustainable reporting. Nammo is self-declaring, reporting at the B-level.

Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

ETHICS

The objective of the Ethical Code of Conduct is to state the requirements for business practice and personal conduct.

The Ethical Code of Conduct describes Nammo's commitment and requirements in connection with issues of an ethical nature that relate to business practice and personal conduct.

Supplier Conduct Principles

The objective of these principles is to state the requirement for best business practices and personal conduct in the entire Nammo supply chain and for Nammo business partners.

See link to the right.

Nammo Ethical Committee

ethics@nammo.com



Links:

[Ethical Code of Conduct »](#)
[Supplier Conduct Principles »](#)

Executive summary

Ethics

Environment

Site examples

People

Society

Global Reporting Initiative

UN Global Compact

Archive



ENVIRONMENT

Health, environment, safety and security shall always have the highest attention and priority, along with other major business objectives and goals in Nammo. Every year we register improvements and new ambitions at all sites.

Compliance

To be in compliance with laws and regulations is a minimum requirement and we share best practices across divisions and sites. All main Nammo sites are certified in accordance with ISO 14001 or similar environmental standards.

Intensify reporting

Our vision is zero accidents. We continuously have high focus on preventing accidents with injuries, especially where explosives are involved. We need to intensify reporting and follow-up of hazardous conditions and incidents. The environmental conditions for personnel exposed to hazardous materials are registered and followed up with preventive medical examinations.

Energy saving

During the last years we have successfully gained reduction and good energy conservation measures. This work will continue and the aim is minimum one energy saving project in each factory. A common effort is made to focus on the areas of energy efficiency, special waste and water consumption, and there are plans and goals for continuous improvement. Reduction of energy consumption and good energy conservation measures shall have high priority in all factories. One example is Vanäsverken in Sweden that has, through systematic work and wise investments, decreased energy consumption for production by over 20 percent in the last four years.

HESS program

The Nammo HESS Directive is the main tool for defining the Nammo group standards for Health, Environment, Safety and Security. The directive shall ensure that the group performance and strategic decisions are in compliance with regulatory requirements relating to this issue, and that neither Nammo employees nor any third party person is exposed to unacceptable hazards to life and health as a result of activities. Nammo has a direct impact on the environment through its production and testing of ordnance products and services, through consumption of paper and energy, waste management, procurement and use of means of transport.

Roles and responsibilities

The HESS manager's role and responsibility for preparing and revising policies and instructions, reporting, improvement and exchange of experience is clearly defined.

The site manager is responsible for designing and operating HESS policies and procedures at their sites, for risk assessments, emergency plans, improvement plans, ensuring that employees have adequate competence and training to perform their job and to immediately report any serious accident to the HESS Manager and the CEO.

Checklist

Nammo is a center for innovation. When developing new products it is important that the end result is environmentally friendly. To achieve this goal in 2013 a check list was created for selecting and choosing environmentally friendly materials. This checklist was distributed to all divisions and sites.

Grønt Punkt (Green Dot)

Nammo Raufoss joined the Norwegian Green Dot initiative in 2013. The goal is to make Norway a pioneer and world leader in recycling packaging material. This work is a contribution to efficient use of resources and a sustainable society.

The Green Dot links 25 European countries to an international community for the recovery and recycling of used packaging.

Green Dot is responsible for efficient financing of the collecting systems and manages a major part of the collector services.

Award

Up to date, Vanäsverken has contributed to 1 800 kg of lead not being mined, processed and ultimately spread in our environment. This achievement is highly appreciated by the local society; In 2013 Vanäsverken was given the municipality's environmental award for the good work.

Pollution to the ground

There are always challenges when taking over new sites where there has been production activities over decades. We have started the clean up processes for pollution to the ground at all three acquisitions in Finland, Spain and USA. The previous owners are responsible for the work that has to be done.

HESS award

The HESS award is given to one department or site that has contributed to being a good example and has worked systematically with the improvement of the HESS standard according to the Nammo HESS directive and policy. Our objective with this award is to motivate and inspire the employees to create innovative solutions to improve the work within health, environment, safety and security. The award in 2012 was given to PressTec from the Small Caliber Division. The site is clean and well organized and improvements have been carried out in several production areas. PressTec has a very good training and education program at individual levels for all employees. The site had no accidents with or without absence the awarded year. They are systematically working to prevent accidents and have a good system for reporting following up of HESS deviations.

Our performance in figures: (tables-link)

Environmental reporting 2013

Name of company	Country	Energy consumption (kWh)		Water consumption (m3)
		Fossile	Renewable	Current year
Nammo Raufoss	Norway	5 511	19 045	66 075
Nammo NAD	Norway	0	1 556 068	1 181
Nammo Bakelittfabrikken	Norway	383 022	164 100	323
Nammo Vingåkersverken	Sweden	5 079 417	998 783	NR
Nammo LIAB, Lindesberg	Sweden	0	5 402 402	2 745
Nammo Vanäsverken	Sweden	0	9 082 000	36 742
Nammo LIAB, Björkborn	Sweden	0	5 832 000	10 722
Nammo Lapua, Lapua	Finland	1 260 258	2 864 200	91 038
Nammo Lapua, Vihtavuori	Finland	4 318 215	443 842	400
Nammo Talley, Columbus	USA	297 900	0	79
Nammo Talley, Mesa	USA	8 340 088	0	9 785
Nammo Talley, Davidsville	USA	134 305	NR	NR
Nammo Composite Solutions	USA	NR	NR	NR
Nammo Tactical Ammunition	USA	NR	NR	NR
Nammo Schönebeck	Germany	2 901 227	0	6 190
Nammo Buck	Germany	1 729 580	505 020	NR
Nammo MTH	Switzerland	314 690	98 646	

Waste (kg)							
Current year							
Name of company	Country	Hazardous waste	Cardboard	Paper	Woodwork	Plastics	Residual waste
Nammo Raufoss	Norway	357 798	48 478	2 316	51 394	6 536	105 197
Nammo NAD	Norway	0	0	1 500	198 960	0	30 560
Nammo Bakelittfabrikken	Norway	350	9 590	0	0	2 180	11 690
Nammo Vingåkersverken	Sweden	NR	NR	NR	NR	NR	NR
Nammo LIAB, Lindesberg	Sweden	3 600	18 160	3 340	0	3 500	27 470
Nammo Vanäsverken	Sweden	76 626	25 310	1 732	90 440	4 031	35 409
Nammo LIAB, Björkborn	Sweden	13 110	540	120	1 000	0	7 980
Nammo Lapua, Lapua	Finland	14 447	5 544	460	0	0	62 275
Nammo Lapua, Vihtavuori	Finland	3 573	1 090	360	0	0	20 370
Nordic Distribution	Finland	NR	NR	NR	NR	NR	NR
Nammo Talley, Columbus	USA	929	0	0	0	0	NR
Nammo Talley, Mesa	USA	10 724	6 495	10 410	56 418	0	213 949
Nammo Talley, Davidsville	USA	170	0	0	0	0	NR
Nammo Composite Solutions	USA	0	NR	NR	0	0	NR
Nammo Tactical Ammunition	USA	180	68	210	120	22	240
Nammo Germany	Germany	NR	NR	NR	NR	NR	NR
Nammo Schönebeck	Germany	12 000	1 200	800	1 900	500	10 000
Nammo Buck	Germany	301	24	5	50	61	92
Nammo MTH	Switzerland	0	218	218	0	10	5 200

NR=not reported

Environment

[Site examples](#)

People

Society

Global Reporting Initiative

UN Global Compact

Archive

The Talley story

Talley has utilized ammonium perchlorate as an oxidizer for propellant production since inception of the company. The production process to enable reuse of aging rocket motors high pressure water was used to remotely cut propellant from the rocket motor cases. The unregulated water containing perchlorate salts was then delivered to unlined surface impoundments for evaporation. This historical practice impacted the groundwater over a large area.

Talley realizes that being proactive is the green way to go. Initiating remediation of the groundwater at our facility now will benefit the environment, the community and the company in at least two ways. By initiating project activities now, we will limit further negative groundwater impact and the cost of the solution will be lower now than it will be later. Talley has responded by teaming up with experienced companies to design and install a full-scale groundwater remediation system. Talley will employ a method which utilizes hydraulic capture of the contaminants to minimize continued offsite impacts.

Lights out

The Talley management is committed to minimizing the carbon footprint. The mission of project "Lights Out" was to reduce energy consumption while improving operations. As part of Mesa's pollution prevention performance goals, two of our plants underwent significant changes in 2008-2010 and project "Lights Out" has resulted in substantial energy reduction and cost savings.

The goal was to reduce energy usage while maintaining adequate lighting. In late 2008 and early 2009, 27 skylights were installed in the warehouse portion of Plant 1. This allowed natural sunlight to minimize the demand required of our lighting systems. With an average of 211 cloudless days per year in Arizona, this just made sense! In addition to the skylights, 325 inefficient metal halide fixtures (458W/fixture) were replaced with 150 high efficiency, high output T5 fluorescent fixtures (229W /fixture). As you can see on the figure below, these changes resulted in an average reduction of approximately 50 000 KWH/month!

In 2010, Talley embarked on a similar project for Plant 2 which included retrofitted 330 older inefficient fixtures with premium T8 fluorescent fixtures. As shown below, our improvements are again demonstrating substantial energy reductions!

Local support

On the economics side, our local utility company provides rebates to help fund these projects. The rebates have resulted in less than a two-year return on investment. Plant 1 rebates total USD 28 000 and Plant 2 rebates total USD 10 800, which translate to a 40 % and a 35 % return on investment, respectively.

We are excited about the results of our energy reduction efforts here at Talley and have already begun retrofitting the lighting fixtures and will be installing motion detectors at Plant 3.

Security information

At Nammo LIAB every third year they invite the closest neighbors to the site for information and demonstrations. Together with the local rescue service, LIAB are informing about the products and that test of products can be noisy or smoky – and last but not least what the neighbors have to do if an accident occurs at the site. The last event of this kind was in December 2013.

In general; every year security issues concerning threats of terror and Industry espionage are elevated. The sites cooperate with local and national police authorities for updates on the threats. There have not been any concrete issues regarding security in 2013. Our new acquisitions are as a part of the integration brought to Nammo standards.

Streetlights

Nammo Schönebeck's energy project in 2013 was to replace old streetlights and lights inside with new LED Technology lights. Also in production buildings there where some places with new LED lights! This was necessary because of the high energy consumption and the bad condition of the old lightning.

Ther plan is to replace all of the lights until the end of 2014. One new light is an amount of EUR 350. The energy consumption is 32 W. In general the lights are on for about eight hours a day.

Løkken mining area

Nammo NAD operates the abandoned Astrup mine at Løkken for demilitarization services. On regularly basis the water quality of the mine is monitored by the Norwegian Institute for Water Research (NIVA). NIVA find the discharge from the Astrup mine as insignificant in relation to the total discharge of mine water and pollutants from other parts of the mine system.

Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

PEOPLE

Our intellectual capital - our employees - is the most important asset to reach the company's goals. This resource is expanding through acquisitions, training and recruiting. Three more companies have joined the Nammo family in 2013. Integration to Nammo standards is a priority. The One Nammo initiative is an important concept to strengthen cooperation and implement best practices across sites and divisions.

Cooperation

The One Nammo initiative follows three main lines: Cross business unit cooperation, one Nammo culture and stimulating common working methods and systems. It involves every unit and every employee and is a continuous process. We prioritize implementing the Nammo culture at the new units. The Nammo culture is based on the company's values and vision. It is all about living the values, respecting and exploiting the cultural differences and creating a common understanding of the values and being a unified company.

We motivate our employees with an appraisal review that ensures constructive feedback and clear communication. The themes are work, environment and cooperation, a review of competency levels, assessing alignment to values, assessing achieved goals and results, setting objective goals and results, setting objectives and annual performance planning and setting personal development goals. The One Nammo ambassador's task is to implement our values. Our goal is that employees act in line with the values in a responsible manner and to inspire further development of the Nammo culture locally.

The One Nammo initiative will continuously develop and currently we are looking into the possibilities of using these tools in all projects across divisions and units.

Diversity

Nammo is committed to ensuring diversity in the Group, and equal opportunities for all employees is a key element of the human resources policy. This applies in particular to recruitment, career development, equal pay for equal work and working conditions.

We have, in the recent years, demonstrated (through sponsorships, recruiting policy and company profiling) the many career opportunities for women in Nammo. In 2014 we will increase this ambition. Recruiting women to management challenges and developing our profile in order to present Nammo as an exciting, high tech environment for young high educated women. We will modernize the company branding. Women account for 26.5 percent of the employees, and activities to motivate female university graduates and women with other educational backgrounds to join the company will continue to be an important endeavor in the future. We have specifically set a goal to increase the number of women in top and middle management and as well as in general by 2018.

Nammo does not tolerate discrimination on the basis of gender, race, religion, national or ethnic origin, cultural background, social group, disability, family status, age or political views. However, the recruitment of personnel must be performed in accordance with the national security authorities in the respective countries.

The working environment in Nammo is considered to be good.

Health and safety

Nammo operates in the explosives industry and handles energetic materials. Conditions that relate to health, environment, safety and security have higher priority than all other business objectives and goals. This is a high priority for Nammo's employees, and is constantly on the management agenda. The Group's policy is evaluated each year. All accidents or serious near-accidents are reported and preventive actions are taken. Monthly reports are sent to all sites. We can never relax when it comes to issues related to health, safety and security of our employees.

Every year Nammo conducts health, environment, safety and security audits at all units.

All sites in Nammo have their own annual education and training schedules related to health, environment, safety and security. Once a year, Nammo arranges a forum event for the employees responsible. Since 2010, Nammo has been part of the EU-Excert partnership program and will continue this work to establish a transferable certificate of explosives competence. This will be recognized inside and outside the EU.

Sick leave



Sick leave among Nammo's employees was at an average of 4.2 percent for 2013. Various activities such as workplace improvements, measures to secure a good and healthy work environment, protective equipment and physical training have been given attention by the management. There were 23 accidents resulting in employees being absent from work at Nammo in 2013. The Group will continue its preventive work in all areas and maintain a particular focus on conditions for employees.

At our sites employees are offered various activities to strengthen their health conditions. Free or supported access to exercise facilities, free or supported access to massage or physical therapist and fruit at job is some of what we facilitate.

Ethical behavior



Ensuring human and labor rights, environmental considerations and the anti-corruption act are respected in all business activities and by the Group's suppliers. Nammo shall be recognized by its high ethical standards. Every second year we arrange a training camp for employees. In 2013 our revised [ethical code of conduct](#) was a theme. The training camp took place at Raufoss in September. Almost 30 global representatives participated.

Training



A new training program based on ethical dilemmas was launched in March 2013. This program is tailored for employees they are particularly exposed to ethical issues, for example the procurement departments.

We established the Nammo Global Procurement Forum in April 2013 in order to coordinate procurement processes. The Nammo supplier's code of conduct will be launched in 2014. The diligent work of the forum participants and the support of Nammo as a whole will ensure that it lives up to its mission statement: "Nammo strives to secure the future by functioning as a One Nammo procurement body. We aim to conduct the best ethical practices and leverage Nammo's position with our global supply base in order to yield best value for all Nammo divisions."

Ethical committee

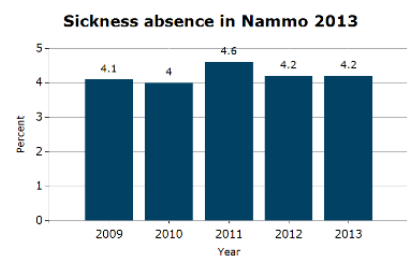
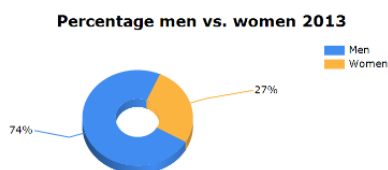
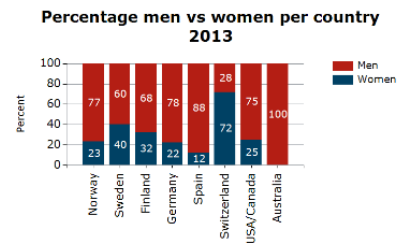
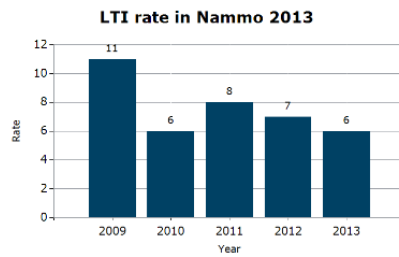
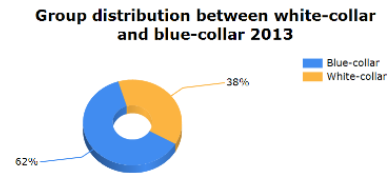
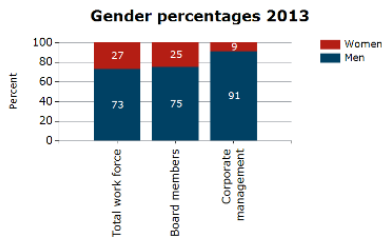
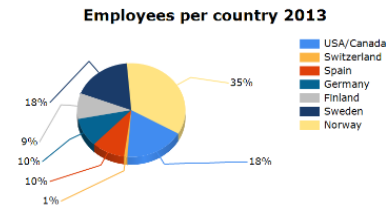
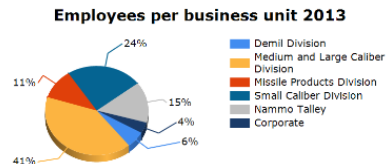


The ethical committee consists of three persons from the Nammo Group. The committee meets quarterly and reports to the President and CEO. No issues were reported in 2013. Members of the ethical committee are elected and there will be a new election in 2014.

Employee of the year

Nammo introduced this award program in 2012. The objective is to recognize employees that have demonstrated and contributed towards the improvement of Nammo's performance in selected areas. The awarded has contributed positively and been a good example in building a strong, competitive and united culture, based on our values.

The winner of the global employee of the year award was Eimund Smestad from the Medium & Large Caliber Division at Raufoss, Norway.



Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

SOCIETY

As a cornerstone company we want to make a difference through close cooperation with the local communities. We have a strong ambition to be a positive contributor to the development of the local society wherever we have our production facilities.

Being a good neighbor gives us the license to operate. Therefore we engage in activities like sports, science centers and other culture activities with focus on children and youth.

The future situation for Nammo's acquisitions last year, Palencia in Spain and Vihtavuori in Finland, was highly uncertain. Therefore the new ownership structure was very well received by the local authorities as well as the employees.

Our stakeholders

Contact with and information to local and national authorities as well as politicians is important for Nammo. We respect and listen to all stakeholders and have an open dialogue with different interest groups. It is our policy to provide the stakeholders with facts and to be transparent. We meet with politicians in the countries where we operate and we have a good dialogue with the most relevant NGOs.

REACH

Nammo is committed to complying with the REACH regulations; the European regulations for chemicals and products manufactured, produced, imported or used in the EU-EEA area.

ITAR

Nammo promotes compliance with the International Traffic in Arms Regulations (ITAR). The company's commitment to the implementation of procedures to comply with ITAR and other regulations that control the transfer of sensitive technologies creates a culture of compliance within the Nammo Group. This culture of compliance extends to Nammo's suppliers, partners and customers through business activities which includes development, procurement, sales and marketing.

Arms Trade Treaty

One of the UN initiatives from 2006 was to establish an Arms Trade Treaty, a legally binding instrument on the highest possible common international standard for the transfer of conventional arms. We participated as an industrial observer representing the Norwegian Defense Industry in close cooperation with other European industry representatives. The industry, the non-governmental organizations and their national government officials worked closely together in order to finalize a treaty text realistic to implement within all the UN member countries. The Arms Trade Treaty will have an impact on the global defense industry and this is why the participation from the industry is so important, both in order to be part of the discussions as well as to be able to have influence on the final result of the treaty. On 2 April 2013, the UN General Assembly adopted the landmark Arms Trade Treaty (ATT), regulating the international trade in conventional arms, from small arms to battle tanks, combat aircraft and warships. The treaty will foster peace and security by putting a stop to destabilizing arms flows to conflict regions. It will prevent human rights abusers and violators of the law of war from being supplied with arms. By the end of 2013 the treaty has been signed by 116 nations and 9 nations have ratified it.



The Global Compact Leaders Summit



SVP Communication Sissel Solum and SVP Human Resources Bertil Pålstrud represented Nammo at the UN Global Compact Leaders Summit in New York, 19-20 September 2013. UN Secretary General Ban Ki-moon was chair of the summit and opened the program. Business leaders from companies worldwide participated in the summit, renewed their commitment to responsible business practices and set the direction for the Global Compact's future priorities and actions. This included all three pillars of sustainable development - social, economic and environmental.

Nammo has supported UNGC's 10 principles for many years, and joined UNGC in 2012. Nammo's ambitions are in line with the key areas that UNGC Leaders Summit focused on. Without the strong cooperation between governments as well as local and international business operations it would be very difficult to meet the ambitious targets that UNGC has set for the future. The summit demonstrated that the cooperation is improving. We will continue our strategic CSR work in line with the ten principles and we will have a special focus on four elements: Empowering women, fighting against corruption, the abolition of child labor and environment.

Sponsorships



Since 2010, Nammo has been involved in two national sponsorship programs; the Norwegian national women biathlon team and the Norwegian ski federation as main sponsor for the national women ski-jumping team. The sponsorships with the Norwegian ski federation includes a technology-program, Nammo Aerotech. In the Nammo Aerotech technology program Nammo has contributed to the development of ski jumping through increased technological expertise and support in aerodynamics. Nammo's ambition with this engagement is to promote Nammo and the Group's civilian ammunition brand, Lapua, as well as building a strong company culture and promoting our ambition to empower women.

The Nammo Group and the local business units support a range of activities in the local communities. Nammo supports local sports clubs, cultural events, humanitarian aid as well as health actions for employees. In addition, employees donate money to other local initiatives. The sponsor budget for 2013 was NOK 17.5 million.

Nammo is the main sponsor for Koovee's women's and men's team during the 2013-14 season, and the Nammo logo will feature prominently on their jerseys. The sponsorship is a key component in Nammo's activities for further developing the company image in Finland.

Flood and hurricanes



Two major natural disasters received support from Nammo last year. Nammo donated NOK 200 000 to the UN aid for the hurricane victims at the Philippines. Practical and economic support was given under and after the flood in Germany, close to Nammo Schönebeck.

Technology support



One of Nammo's main strategies within its sponsorship program is to focus on technology and education within science and engineering. The BLOODHOUND engineering adventure is a perfect project that matches this strategy.

The BLOODHOUND SSC project is Britain's latest attempt on the World Land Speed Record with a car capable of 1 000 mph. Our role is to supply our hybrid rocket technology for use in the BLOODHOUND Supersonic Car which is now being constructed in Bristol, UK.

BLOODHOUND's chief engineer Mark Chapman said, "Nammo is a great addition to our team. Their technology is outstanding, as are their test facilities. Most important, though, is their enthusiasm for being part of this unconventional, high profile, engineering adventure. They share our passion for inspiring the next generation of engineers and innovators." The mission of the BLOODHOUND project is to inspire future generations to pursue science, technology, engineering and mathematics by showcasing these subjects in the most exciting way possible in schools, colleges and universities.

Hovercraft



At NTNU in Trondheim, Norway, students have performed a project to develop and build a hovercraft vehicle with support from Nammo.

Nammo received a request for sponsorship from the students for the project, and we supported them both financially and with a aluminium rod for the propeller.

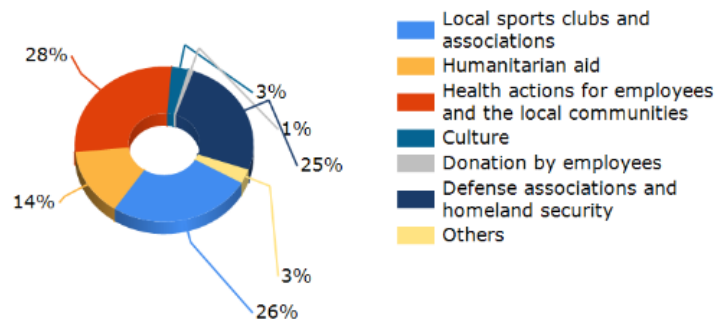
The reason why Nammo became involved in this project was that we find it valuable to support students who actively take part in optional projects while they study. This project gave them practical experience in addition to new knowledge within a number of relevant subjects in their mechanical engineering education. These students might be the employees of Nammo in the future.

The objective of the Norwegian Centres of Expertise program (NCE) is to enhance sustainable innovation and internationalization processes in the most dynamic and growth-oriented Norwegian clusters. The program supports long-term development processes based on collaboration between industry, R&D and the public sector. Twelve clusters have so far been selected and given status as a NCE project.

The NCE program is jointly owned and implemented by the three main Norwegian innovation agencies: Innovation Norway, the Research Council of Norway and SIVA, with Innovation Norway having the main responsibility. The program was launched in 2006, and is funded by two ministries: the Ministry of Trade and Industry and the Ministry of Local Government and Regional Development

The NCE Raufoss cluster's core area of activity is the manufacturing of products in lightweight materials by automated production. Today, the main markets are automotive and defence, and the goal is to develop a national resource centre for manufacturing. Nammo is represented in the NCE Raufoss board of directors and is a partner.

Sponsoring programs 2013



Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

GLOBAL REPORTING INITIATIVE

Nammo is reporting according to the Global Reporting Initiative (GRI) standard for sustainable reporting. GRI is a networkbased organization that has pioneered the development of the most widely used sustainable reporting framework.



The GRI framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental and social performance. Nammo is self-declaring, reporting at the B-level.

The table below presents those GRI indicators that, in our opinion, are the most relevant for us to report on. The table indicates where relevant information about the various indicators can be found in the report whether it is fully or partly disclosed according to the GRI guidance.

GRI element/ indicator		Comments and references
Strategy and analysis ➤		
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	AP: p. 4-5
1.2	Description of key impacts, risks and opportunities.	AR: p. 4-7 AP: p. 3, 4-5, 14-15 Web: /CSR/executive summary
Organizational profile ➤		
2.1	Name of the organization	Nammo AS
2.2	Primary brands, products and/or services	AP: p. 8-9
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	AP: p. 8-9, 11 Web: /Who we are/About us/Business units
2.4	Location of organization's headquarters	Raufoss, Norway
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	AP: p. 9, 11 Web: /Who we are/About us/Business units
2.6	Nature of ownership and legal form	AP: p. 8 AR: p. 36-37
2.7	Markets served	AP: p. 8-9 Web: /Who we are/About us
2.8	Scale of the reporting organisation	AP: p. 6-7, 8-9 Web: /CSR/People
2.9	Significant changes in size, structure, or ownership	AP: p. 4-5, 12-13
2.10	Awards received in the reporting period	Web: /CSR/Environment

Report parameters



Report profile

3.1	Reporting period	2013
3.2	Date of most recent previous report	Annual report 2012
3.3	Reporting cycle	Annual
3.4	Contact point for questions regarding the report or its content	info@nammo.com , SVP Communication, CFO

Report scope and boundary

3.5	Process for defining report content	Web: /CSR/Executive summary; Global Reporting Initiative; UN Global Compact
3.6	Boundary of the report	AR: p. 13-14, 27-28
3.7	State any specific limitations on the scope or boundary of the report	No specific limitations
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	AR: p. 13-14, 27-28
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	AR: p. 13-14, 27-28
3.10	Explanation of the effect of any re-statements of information provided in earlier report, and the reasons for such re-statement	No specific restatements
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	No significant changes

GRI content index

3.12	Table identifying the location of the standard disclosures in the report	Web: /CSR/Global Reporting Initiative
------	--	---------------------------------------

Assurance

3.13	Policy and current practice with regard to seeking external assurance for the report	AR: p. 34-35 External assurance not practiced for CSR report
------	--	---


Governance, commitments and engagement



Governance

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	AR: p. 36-37
4.2	Indicate whether the chair of the highest governance body is also an executive officer	AR: p. 36-37
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	AR: p. 36-37
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	AR: p. 36-37
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives and the organization's performance	AR: p. 16, 36-37
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	AR: p. 36-37
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	AR: p. 36-37
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.	AR: p. 36-37
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	AR: p. 36-37
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	AR: p. 36-37

Commitments to external initiatives		
4.11	Explanation of whether and how the precautionary approach or principles is addressed by the organization.	AR: p. 5-6 Web: /CSR/Environment
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses.	AR: p. 5-6 AP: p. 14-15 Web: /CSR/Executive summary; Society; Global Reporting Initiative; Global Compact
4.13	Memberships in associations and/or national/international advocacy organizations.	AR: p. 5-6 AP: p. 14-15 Web: /CSR/Executive summary; Society; Global Reporting Initiative; Global Compact
Stakeholder engagement		
4.14	List of stakeholder groups engaged by the organization.	Web: /CSR/Society
4.15	Basis for identification and selection of stakeholders with whom to engage.	Web: /CSR/Society
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	AP: p. 15 Web: /CSR/Society
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.	AP: p. 15 Web: /CSR/Environment; People; Society

Environmental - Focus on improving data consistency and quality throughout the entire organisation 


	Disclosure on management approach	AR: p. 3-7, 36-37 AP: p. 4-5, 14-15 Web: /CSR/Executive summary; Environment
Materials		
EN1	Materials used by weight or volume	Not reported
EN2	Percentage of materials used that are recycled input materials	Not reported
Energy		
EN3	Direct energy consumption by primary energy source	Web: /CSR/Environment
EN4	Indirect energy consumption by primary source	Not reported
EN5	Energy saved due to conservation and efficiency improvements	Web: /CSR/Environment
Water		
EN8	Total water withdrawal by source	Web: /CSR/Environment
EN9	Water sources significantly affected by withdrawal of water	
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not relevant
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity values outside protected areas	Not relevant
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	Not reported
EN17	Other relevant indirect greenhouse gas emissions by weight	Not relevant
EN19	Emissions of ozone-depleting substances by weight	Not relevant
EN20	NOx, SOx and other significant air emissions by type and weight	Not reported
EN21	Total water discharge by quality and destination	Not reported
EN22	Total weight of waste by type and disposal method	Web: /CSR/Environment
EN23	Total number and volume of significant spills	No significant spills reported in 2013
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	Web: /CSR/Environment
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not relevant
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No fines and sanctions reported in 2013

Human rights ➤

	Disclosure on management approach	AR: p. 3-7, 36-37 AP: p. 4-5, 14-15 Web: /CSR/Executive summary; People; Society
Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Not reported Following due diligence procedures
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken	Not reported
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	AR: p. 5 Web: /CSR/People
Non-discrimination		
HR4	Total number of incidents of discrimination and corrective actions taken	No incidents reported in 2013
Freedom of association and collective bargaining		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Not reported Annual performance audits in own operations
Child labor		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Not reported Annual performance audits in own operations
Forced and compulsory labor		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Not reported Annual performance audits in own operations
Assessment		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Not reported Annual performance audits in own operations

Remediation

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	No incidents reported in 2013
------	--	-------------------------------

Labor practices and decent work 

Disclosure on management approach	AR: p. 3-7, 36-37 AP: p. 4-5, 14-15 Web: /CSR/Executive summary; People
-----------------------------------	---

Employment

LA1	Total workforce by employment type, employment contract and region broken down by gender	AP: p. 6-7, 8-9 Web: /CSR/People
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Not reported
LA15	Return to work and retention rates after parental leave, by gender	Not reported

Labor/management relations

LA4	Percentage of employees covered by collective bargaining agreements	Not reported
LA5	Minimum notice period(s) regarding operational changes including whether it is specified in collective agreements	Following national laws and regulations

Occupational health and safety

LA7	Rates of injuries, occupational diseases, lost days, absenteeism and number of workrelated fatalities by region and by gender	AR: p. 5-6 Web: /CSR/People
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	Not reported

Training and education

LA10	Average hours of training per year per employee by gender and by employee category	Web: /CSR/People
------	--	------------------

Diversity and equal opportunity

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	AR: p. 5-6 Web: /CSR/People
LA14	Ratio of basic salary of men to women by employee category	Not reported

Society 

Disclosure on management approach	AR: p. 3-7, 36-37 AP: p. 4-5, 14-15 Web: /CSR/Executive summary; Environment; People; Society
-----------------------------------	---

Local community

S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Not reported
S09	Operations with significant potential or actual negative impacts on local communities	Not reported
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Web: /CSR/Environment

Corruption

S02	Percentage and total number of business units analyzed for risks related to corruption	Not reported
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	AR: p. 5 Web: /CSR/People
S04	Actions taken in response to incidents of corruption	No incidents reported in 2013

Public policy

S05	Public policy positions and participation in public policy development and lobbying	AR: p. 6 AP: p. 14-15 Web: /CSR/Executive summary; Society
-----	---	--

Anti-competitive behavior

S07	Legal actions for anticompetitive behaviour, antitrust, and monopoly practices	No incidents reported in 2013
-----	--	-------------------------------

Compliance

S08	Fines and non-monetary sanctions for non-compliance with laws and regulations	No incidents reported in 2013
-----	---	-------------------------------

Product responsibility ➤

	Disclosure on management approach	AR: p. 3-7, 36-37 AP: p. 4-5, 14-15 Web: /CSR/Executive summary; Environment; People; Society
Customer health and safety		
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	Not reported
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	No incidents reported in 2013
Product and service labeling		
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	According to national laws and regulations
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No incidents reported in 2013
Marketing communications		
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	According to national laws and regulations Web: /CSR/Society
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	No incidents reported in 2013
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No incidents reported in 2013
Compliance		
PR9	Fines for non-compliance with laws and regulations concerning provision and use of products	No incidents reported in 2013

Economic ➤

	Disclosure on management approach	AR: p. 3-7, 36-37 AP: p. 4-5 Web: /CSR/Executive summary
Economic performance		
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	AR: p. 9-12 AP: p. 6-7 Web: /CSR/Society
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Not reported
EC3	Coverage of the organization's defined benefit plan obligations	AR: p. 19, 31-32
EC4	Significant financial assistance received from government	Not reported
Market presence		
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	Not reported
EC7	Procedures for local hiring and proportion of senior management hired from the local community at the locations of significant operation	Not reported Nammo's approach is local management at local units
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	Not reported

AR = Annual report 2013
AP = Annual performance 2013

Executive summary

Ethics

Environment

People

Society

Global Reporting Initiative

UN Global Compact

Archive

UN GLOBAL COMPACT

Nammo supports the ten principles of the UN Global Compact.



The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anticorruption.

As a natural part of our business, Nammo has developed and implemented values and policies for the environment, human rights, labor standards and ethics. As of 2013, Nammo has reported on progress. Our code of conduct is intended to assist employees when encountering ethical dilemmas such as bribery, facilitation payments and gift giving. It is important that we act responsibly no matter where we do business. We strive to develop relationships with suppliers to increase awareness of sustainability and responsible behavior.

The UN Global Compact initiative is global and local; private and public; voluntary, yet accountable for our business. Our commitment is based on a greater awareness of corporate social responsibility; guided by our values of Dedication, Precision and Care; and in the spirit of the ten principles:

Human rights ➤	
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>AR: p. 5-6, 36-37 AP: p. 4-5 Web: /CSR/executive summary; People; Society</p>
Labor standards ➤	
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: the elimination of all forms of forced and compulsory labor;</p> <p>Principle 5: the effective abolition of child labor; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>AR: p. 5-6, 36-37 AP: p. 4-5 Web: /CSR/People; Society</p>
Environment ➤	
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>AR: p. 5-6, 36-37 AP: p. 4-5 Web: /CSR/Environment; Society</p>
Anti-corruption ➤	
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>AR: p. 5-6, 36-37 AP: p. 4-5 Web: /CSR/People; Society</p>

AR = Annual report 2013
AP = Annual performance 2013