

Communication on Progress from Nammo, per June 2017

With reference to www.nammo.com and annual report 2016

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



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ABOUT US

Headquartered in Raufoss, Norway, the 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 6 business units: Commercial Ammunition, Small and Medium Caliber Ammunition, Large Caliber Ammunition, Shoulder Fired Systems, Aerospace Propulsion, Demil, Sea Safety and Services.

The company has 2100 employees, is present in 12 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.

BOARD OF DIRECTORS 2016

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



Olli Isotalo

Chairman
President & CEO
Patria Oyj



Jan Erik Korssj en

Vice Chairman
CEO (Ret.) for Kongsberg
1999-2008



Sirpa-Helena Sormunen

Board Member
General Council
Fortum Oyj



Ingelise Arntsen

Board Member
Chief of Staff
Aibel



Ville Jaakonsalo

Board Member
CFO
Patria Oyj



Dag J. Opedal

Board Member
CEO
Alcaran AS

EMPLOYEE REPRESENTATIVES



Marianne Stensrud

Board Member
Operator
Nammo Raufoss AS



Astrid Berg Ardesj o

Board member
Economy Assistant
Nammo LIAB AB

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BUSINESS UNITS

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

Commercial Ammunition

All ammunition and components for sport, hunting and competition shooting.

- Nammo Lapua (Lapua, Finland)
- Nammo Lapua (Vantaa, Finland)
- Nammo Schönebeck (Schönebeck, Germany)
- ND PressTec (Schwerte, Germany)
- Nammo Tactical Ammunition (Mesa, USA)
- Nammo Vihtavuori (Vihtavuori, Finland)
- NorDis Nordic Distribution (Lapua, Finland)

Small and Medium Caliber Ammunition

Military small and medium caliber ammunition, hand grenades and related components.

- Nammo Vanäsverken (Karlsborg, Sweden)
- Nammo Raufoss (Raufoss, Norway)
- Nammo Bakelittfabrikken (Aurskog, Norway)
- Nammo LIAB (Lindesberg and Karlskoga, Sweden)
- Nammo Lapua (Lapua and Vihtavuori, Finland)
- Nammo Palencia (Palencia, Spain)
- Nammo Tactical Ammunition (Mesa, USA)

Large Caliber Ammunition

All naval ammunition and large caliber ammunition and components for artillery, tanks and mortars.

- Nammo Raufoss (Raufoss, Norway)
- Nammo LIAB (Lindesberg and Karlskoga, Sweden)
- Nammo Lapua (Vihtavuori, Finland)
- Nammo MTH (Hérémence, Switzerland)
- Nammo Pocal (Scranton, USA)

Shoulder Fired Systems

All shoulder fired systems within the group (66 mm and 83 mm).

- Nammo Talley (Mesa, AZ, USA)
- Nammo Talley (Columbus, MS, USA)
- Nammo Talley (Davidsville, PA, USA)
- Nammo Composite Solutions (Salt Lake City, UT, USA)
- Nammo Raufoss (Raufoss, Norway)

Aerospace Propulsion

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)
- Nammo Talley (Mesa, AZ, USA)

Demil, Sea Safety and Services

All demilitarization processes, services and sea safety products.

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

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ETHICS, VISION AND VALUES

We build our ethical work on the solid platform given by our values. By ensuring that our employees and all others acting on behalf of Nammo, follow and live by our Ethical Code of Conduct, we secure a high ethical standard in all our operations.

Our Vision

Securing the future

- We will protect our national and allied forces with high quality defense products
- We will secure the future development of eco-friendly products, processes and services
- We will secure further growth based on strong financial performance.
- We will develop and secure a long-term sustainable business for our customers and employees
- Our future development depends on a secure and safe working environment. We must emphasize the importance of every single employee

Our Values

Our Values; Dedication, Precision and Care, are the fundamental principles guiding the way we do business, the way we interact in internal and external processes as well as the way we want to be recognized by our customers.

Dedication

- We are enthusiastic and creative, always searching for the best solutions

Precision

- We are reliable and accurate in our technology, processes and business

Care

- We are inclusive and open-minded, always encouraging team spirit and cooperation

Ethics

Ethical Code of 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.

Nammo Ethical Committee

Nammo has an Ethical Committee consisting of 3 representatives from the Nammo Group. They are elected for two years by the Management Group and reports to the CEO. Incidents can be reported to the Committee through: ethics@nammo.com

UN Global Compact

Nammo supports the ten principles of the UN Global Compact. [Read more »](#)

Support

Nammo support the European Defence Association ASD through our membership in the Nordic Security and Defence Organisations FSI (Norway), SOFF (Sweden) and AFDA (Finland), who all supports ASD's anti-corruption work through IFBEC (International Forum of Business Ethical Conduct).

Responsibility

Senior Vice President Human Resources is the professionally responsible person for Ethics within the Nammo Group. Contact info: Bertil Pålstrud, bertil.palstrud@nammo.com



"I expect all employees and anybody acting on behalf of Nammo to behave and comply with our Ethical Code of Conduct. I also emphasize that Nammo has zero tolerance for any form of corruption."

Morten Brandtzæg,
President & CEO Nammo Group

Links:

- [Ethical Code of Conduct »](#)
- [Anti-Corruption Manual »](#)

SUPPLIERS

Nammo acknowledges ethics and corporate responsibility as the heart of its operations and shall be recognized for its high ethical standards. Nammo requires its Suppliers to support and uphold the same standards.

Links:

[Ethical Code of Conduct »](#)

[Supplier Conduct Principles »](#)

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.

[Link to document »](#)

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EXECUTIVE SUMMARY; ONE NAMMO DELIVERS

We enter 2017 as a strengthened organization, with a clear focus on further developing our efficient and competitive team. Our aim is to protect national and allied forces with high-quality defense products. The central position of the One Nammo approach in the company's strategy enables best practices to be exchanged across borders and business units, including corporate social responsibility. Our ambition to embody our values drives our corporate social responsibility performance. We promote sustainable development through business operations that strongly emphasize our ethical and social considerations. Nammo has used the Global Reporting Initiative (GRI) guidelines for sustainable reporting for eight years and, in 2016, the company followed the GRI G4 version – and still do today. We also report to the UN Global Compact.

People

Changes in the organization and new members of the Nammo Group have made us stronger. The One Nammo approach is deeply rooted in the organization and allows new sites and organizational units to be integrated quickly into the business, strengthening teamwork.

Diversity

Encouraging female university graduates and women with other relevant backgrounds to join Nammo continues to be an important endeavor, and we strive to motivate women to apply for management positions. Last year, however, when recruiting for our business development department, we received a total of 53 applications, only three of which were women. Womens interest to apply for a job in Nammo varies a lot from country to country. In Germany, there are more female applicants to new positions, while the percentage of female applicants is lowest in Norway. However, in the group management, the number of women has increased from one to two. Women account for 25 percent of Nammo's employees.

Health and safety

We are a part of the explosives industry and handle volatile materials. Therefore, health, environment, safety and security (HESS) is a high priority for Nammo's employees, and is constantly on the agenda.

Every year we conduct HESS audits at all sites to set individual targets and to focus on improvements.

The sickness absence in 2016 was 4.2 percent. This is an improvement from 2015, but still 0.2 percent higher than the target. The Lost Time Injuries (LTI) rate was eight. No explosives-related LTI accidents were reported in 2016 but, in general, reducing the number of LTI accidents is challenging. Most LTI accidents are caused by slipping or falling, or small finger injuries, that equate to less than five days off work.

Only 4 accidents resulted in the injured party taking an excess of 20 days off work. The reporting of incidents/near misses increased to 1 730 reports last year, which exceeded the target of 1 500. By reporting near misses and incidents, we can take preventive and corrective actions and avoid more serious accidents. This is in accordance with our overall directive.

Reporting and following-up hazardous conditions, incidents and accidents is a high priority. The sites must update all risk analyses connected to production or testing activities, update emergency plans and perform annual emergency training.

IT-security

We experience regular attempts to infect our computers with malicious software. This is either done in order to enable adversaries to steal technical data or for fraud or extortion purposes. To reduce the various information security threats, we launched another training program for all employees in February 2016, with a new lecture every month planned for the next three years.

Environment

It is our ambition that all operations are environmentally friendly, satisfying ISO 14001 requirements and similar standards. Most of the sites are ISO certified or follow national environmental standards. These are followed up annually by audits from certification bodies and the HESS director in the Nammo Group. Preventive actions and environmental standards are on the agenda during every audit.

The HESS directive requires all sites to update improvement plans and report any deviations. All European sites are controlled by REACH regulations and we strive to find a better substitute for each chemical used. Reporting is according to the Global Reporting Initiative standard, with a high focus on environmental issues.

Risk analysis

We perform environmental climate-risk analyses at all sites and do not foresee a high probability of an environmental accident in Nammo. We continuously work to standardize our risk management system, carrying out internal training in conjunction with emergency plans. For example, this takes place at our manufacturing plant in Finland, where chemical waste from the gunpowder is considered to be an environmental risk.

One general concern is that thunderstorms and lightning could become more frequent in the future due to the change in climate and could be a threat where explosives are involved.

Emissions

With regards to Nammo Palencia, Spain, Nammo Vihtavuori, Finland, Nammo Schönebeck, Germany, Nammo Vanäsverken, Sweden, Nammo Talley, USA and Nammo Raufoss, Norway, the responsibility of historical pollution, in most cases, lies with the previous owners of the sites – and, in a few cases, the Nammo Group itself.

We follow up and measure waste emissions to water and the atmosphere, reduce noise levels and handle other environmental factors in accordance with existing regulations and internal instructions. In Finland, for example, Nammo Vihtavuori has taken successful actions to decrease both water and energy consumption by installing a brand-new cooling system to reduce water intake from Lake Siikajärvi.

Energy

Energy efficiency measures provide economic and environmental benefits. As such, reducing energy consumption and maintaining good energy conservation measures are a high priority at all sites. By using alternative energy sources, Nammo has made significant energy cost savings.

Society

We intend to contribute to the development of local communities in which we operate, such as science projects for young people, humanitarian initiatives and various sport activities. Our goal is to increase the Nammo Group's visibility.

We strive to enable our employees to be excellent Nammo ambassadors in the local community and with other stakeholders. An important task is to increase the knowledge level about Nammo and the defense industry. We initiate dialogue with our stakeholders, including the political community, political youth organizations, NGOs, and local community and defense administrations in Norway and other countries.

Sponsorship

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Ethics

Nammo has a zero tolerance policy on corruption and bribery. We aim to be recognized for our high ethical standards. All our employees and any third parties acting on our behalf must follow our anti-corruption manual, with instructions on how to report corruption in accordance with our Ethical Code of Conduct and its directives.

We are steadily improving our risk analysis procedures – cashflow being the most recent and important focus area. Anti-corruption training took place in 2015 and 2016, based on a workshop to identify red flags in financial transactions. This training will continue into 2017.

Around 100 key persons in Norway and USA participated in this red flag training.

Compliance

In 2016 we continued to increase our competence in compliance. With the changing landscape of compliance, it is important that we continue to hone our skills with ongoing education opportunities – and our compliance professionals have attended courses in the US, Europe, the Middle East and India. Nammo's expanding global presence makes it increasingly important to be proficient in regulatory requirements where we buy and sell and, of course, where we establish new Nammo offices.

In June, Nammo collaborated with the Norwegian Defence Association (the FSi) and industry partner Kongsberg Defence and Aerospace to host a two-day training session on contracting with the US Government. This was successful and we are planning to host the next training event in June 2017.

Nammo has worked to develop close collaboration with industry partners, customers and suppliers to build a strong and compliant environment for trade in the defense industry. This is added value for Nammo because it builds trust across the supply chain, from the end user to Nammo. This is good for all parties because we are able to limit diversion and corruption, building our understanding of government and customer requirements throughout the supply chain, and reducing Nammo's risk.

Key members of staff have been added throughout various departments in the Nammo organization, with increased competence and responsibility for compliance. These departments include: Information Technology (IT), finance, contracting, supply chain, planning and logistics, quality sales and marketing. By embedding experts in departments and teams throughout the organization, we create a sustainable culture of compliance, increasing our competency and reducing the risk of a violation in regulatory or customer requirements. Customers and the industry itself have taken notice and we have been able to establish some compliance teams with trusted industry partners by leveraging our competence.

To be compliant is a competitive advantage; if we are not compliant, we risk our reputation and become vulnerable to severe economic consequences.

As such, remaining compliant in all areas is our highest priority. From the end of 2016, a new position as senior vice president of compliance was established and joined the management group to cover overall compliance in the Nammo Group.

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ETHICS

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In 2014 we had an audit company assess the robustness of Nammo's systems and culture in preventing and dealing with fraud and corruption. The assessment mapped Nammo's current status regarding fraud and corruption initiatives and the company culture as well as identifying areas for improvement to meet expectations in national and international legislations.

In parallel with the company assessment, dilemma training courses were arranged with participants from all management groups at each business unit and site level.

Based on the results of the assessment, Nammo established an anti-corruption manual in 2015 and started work on improving risk analysis by implementing a new anti-corruption/red flag training program with the focus on financial transactions.

The anti-corruption training started at the end of 2015 and is still ongoing. It is workshop based training, tailor-made for key people, to identify red flags in financial transactions. This training will continue into 2017.

Around 100 key persons in Norway and USA have participated in the anti-corruption/red flag training.

Nammo believes that developing our employee attitude and culture through a strong focus on information, education and training is the best way to ensure that Nammo employees understand and "live" the group's high level of ethical standards.

[Link to the anti-corruption manual »](#)

Ethical committee

The ethical committee consists of three representatives from the Nammo Group. Members of the ethical committee are elected every second year. The committee meets quarterly and reports to the President and CEO. No issues were reported from the committee to the CEO in 2016.

The committee is responsible for addressing relevant matters of ethical impact to either the CEO or the board of directors. It gives advice to the business units on how a decision could breach the Ethical Code of Conduct. The committee is responsible for handling incoming reported violations and reports from the group's whistleblowing channel.

The Ethical Code of Conduct of Nammo describes the company's business practices and the requirements regarding expected behavior related to anti-corruption, conflict of interests, harassment and non-discriminatory behavior. It is a requirement for all employees and all third parties acting on behalf of Nammo to comply with our code of conduct.

The work to revise the Ethical Code of Conduct as well as improvement of both the format and the mandate of the Ethical Committee will be ongoing during 2017.

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COMPLIANCE

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Key members of staff have been added throughout various departments in the Nammo organization, with increased competence and responsibility for compliance. These departments include information technology (IT), finance, contracting, supply chain, planning and logistics, quality sales and marketing. By embedding experts in departments and teams throughout the organization, we create a sustainable culture of compliance, increasing our competency and reducing the risk of a violation in regulatory or customer requirements. Customers and the industry itself have taken notice and we have been able to establish some compliance teams with trusted industry partners by leveraging our competence.

To be compliant is a competitive advantage; if we are not compliant, we risk our reputation and become vulnerable to severe economic consequences.

As such, remaining compliant in all areas is our highest priority. At the end of 2016, a new position as senior vice president of compliance was established and joined the management group to cover overall compliance in the Nammo Group.

High importance

It is important for us to meet the standards set by individual government regulations, as well as requirements set by industrial customers. If we are not compliant, we risk our reputation and severe economic consequences.

To be compliant is a competitive advantage. Our goal is to create a sustainable and proactive culture for compliance where everyone is recognized for his or her role and responsibility.

ITAR and EAR

Nammo promotes compliance with the International Traffic in Arms Regulations (ITAR), the Federal Acquisition Regulations (FAR) and the Registration, Evaluation, Authorization and Restrictions of Chemicals (REACH) and the export regulations in all countries where we are domiciled and conduct business.

We are committed to implementing procedures that comply with ITAR and other regulations that control the transfer of sensitive technologies. This creates a culture of compliance, which extends to Nammo's suppliers, partners and customers throughout all business activities, including product development, procurement, sales and marketing.

ITAR and the Export Administration Regulations (EAR) are export control regulations run by different departments of the US Government. Both of them are designed to help ensure that sensitive technologies do not fall into the wrong hands. An export license is a general term for both ITAR and EAR controlled items, where the US Government has granted permission to transport or sell controlled items to foreign countries or parties.

DFARS

The Defense Federal Acquisition Regulation Supplement (DFARS) is the principal set of rules in the Federal Acquisition Regulation System (FAR) that controls the acquisition of defense related goods and services. The FAR system itself governs the acquisition process by which executive agencies of the United States federal government acquire (i.e., purchase or lease) goods and services by contract with appropriated funds.

REACH

Nammo is committed to complying with the Registration, Evaluation, Authorization and Restrictions of Chemicals (REACH) regulation. This is an EU regulation adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. In principle, REACH applies to all chemical substances; therefore, the regulation has an impact on most companies across the EU involved with and using chemicals in their production and manufacturing processes.

Nammo also complies with additional EU directives which control many aspects of business trade including exports, workplace safety, handling of goods and transit of goods.

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Environmental Risk Evaluation

- [Nammo climate change and environmental risk evaluation](#)

ENVIRONMENT

It is our ambition that all operations are environmentally friendly, satisfying ISO 14001 requirements and similar standards. Most of the sites are ISO certified or follow national environmental standards.

The sites are followed up annually by audits from certification bodies and the HESS director in the Nammo Group. Preventive actions and environmental standards are on the agenda during every audit.

We have a strong focus on the environment in everything we do, and we manage our business according to the precautionary principle.

The HESS directive requires all sites to update improvement plans and report any deviations. All European sites are controlled by REACH regulations and we strive to find a better substitute for each chemical used. Reporting is according to the Global Reporting Initiative standard, with a high focus on environmental issues.

Roles and responsibilities

The health, environment, safety and security (HESS) Manager has a clearly defined role and responsibility for preparing and revising policies and instructions, reporting, improving and exchanging experiences.

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

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, and that neither Nammo employees nor any third party person is exposed to unacceptable hazards 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.



HESS award

AFB at Nammo Raufoss

The HESS award is presented every year during the internal Nammo Forum's Annual Award Ceremony.

The winner of the HESS Award 2015 was the mechanical department (AFB) at the Nammo Raufoss site which is part of the Large Caliber Ammunition business unit. The processes of the department are multi-spindle CNC machining, heat treatment and cold forming jackets.

The jury evaluated three candidates; after a thorough evaluation of the three shortlisted candidates based on their improvement work, work place environment, opportunities of education of the employees, level of reporting, focus on environmental improvement and reduction of energy consumption, the jury selected AFB as the winner. The winner has shown extraordinary courage and strength and worked extremely well on the improvement plans.

The AFB department has won the local HESS award at Raufoss three times. AFB is well structured with high focus on reporting, work environment and automation of processes. They also work hard on preventive work with a focus on risk analyses. The department has increased the reporting, has no LTI accidents and low sick absence. The department has moved a production line from an out-of-date mountain cave out to new facilities. The project has been successfully completed with respect to time, quality, cost and without any accidents. The new premises have resulted in a very good workplace for the operators.

The AFB department is an excellent example to show the level of professionalism we want to achieve in all departments in the Nammo Group.



Risk analysis

We perform environmental/climate risk analyses at all sites and do not consider there to be a high probability of an environmental accident in Nammo. We continuously work to standardize our risk management system, carrying out internal training in conjunction with emergency plans. For example, this takes place at our manufacturing plant in Finland, where chemical waste from the gunpowder is considered to be an environmental risk.

One general concern is that thunderstorms and lightning could become more frequent in the future due to climate change and could be a threat where explosives are involved.

Emissions

With regards to Nammo Palencia, Spain, Nammo Vihtavuori, Finland, Nammo Schönebeck, Germany, Nammo Vanäsverken, Sweden, Nammo Talley, USA and Nammo Raufoss, Norway, the responsibility of historical pollution, in most cases, lies with the previous owners of the sites – and, in a few cases, the Nammo Group itself.

We follow up and measure waste emissions to water and the atmosphere, reduce noise levels and handle other environmental factors in accordance with existing regulations and internal instructions.

In Finland, for example, Nammo Vihtavuori has taken successful actions to decrease both water and energy consumption by installing a brand-new cooling system to reduce water intake from Lake Siikajärvi. The result is significant reduction of water and energy consumption. The Vihtavuori site is using process and cooling water from Lake Siikajärvi. The water level of Siikajärvi was relatively low during 2015-2016.

Nammo Vihtavuori Oy and Adven Oy signed an agreement to build a cooling and heat recovery plant that started up at the end of September 2016. Thanks to this new investment, the existing open cooling circuit of the acid concentration process can be changed to a closed system to reuse the cooling water. This means a reduction in water consumption of 400 000-500 000 m³ (30-40 percent of total consumption) annually.

In addition, the heat from the new closed cooling circuit will be collected with heat pump technology and utilized to lower primary energy consumption. After the investment, Nammo Vihtavuori's primary energy use will be reduced by 15 percent. This investment nicely illustrates that environmental aspects and cost savings are not necessarily contradictory.

Greenhouse gas emissions

Direct greenhouse gas (GHG) emissions (scope 1) from combustion of fossil fuels (oil and gas) at our sites is calculated to be about 3 200 tonnes of CO₂-equivalents in 2016. Indirect GHG emissions from purchased electricity and district heating (scope 2) is calculated to be about 21 300 tonnes of CO₂-equivalents.

Emissions from business travel by air (scope 3) for the Norwegian part of our organization is reported from our travel agency to be about 1 000 tonnes of CO₂-equivalents in 2016.

- Emissions by air 2016:

Co2

	Orders	Km	Co2(kg)
Domestic	126	161 515	17 904
Nordic countries	164	163 354	16 953
Europe	833	2 312 784	231 017
Inter-continental	386	6 331 729	687 756
Total	1 509	8 969 382	953 630

- Emissions by air 2015:

Co2

	Orders	Km	Co2(kg)
Domestic	178	241 162	26 957
Nordic countries	213	285 593	30 224
Europe	631	1 828 691	181 036
Inter-continental	281	4 520 445	491 235
Total	1 303	6 875 891	729 452

Energy



Energy efficiency measures provide economic and environmental benefits. As such, reducing energy consumption and maintaining good energy conservation measures are a high priority at all sites. By using alternative energy sources, Nammo has made significant energy savings as well as energy cost savings.

Groundwater project



Nammo Talley, located in Mesa, Arizona, United States, has utilized ammonium perchlorate as an oxidizer for propellant production since inception of the company in the mid-1900s. Part of the original operations included a "water bore out" system which utilized high pressure water to remotely cut propellant from rocket motor cases. The unregulated water containing perchlorate salts was then delivered to unlined surface impoundments for evaporation. This historical practice caused the groundwater to be impacted by perchlorate.

Groundwater characterization efforts performed from 2010 through 2013 concluded that the leading edge of the contaminant plume reached approximately 3 miles south of the facility. Nammo Talley realized that immediate remedial action at the facility would benefit the company by minimizing offsite impacts. Nammo Talley responded by teaming up with experienced companies to design and install a full-scale groundwater remediation system.

Environmental reporting 2016

		Energy consumption (kWh)			Water consumption (m3)
		Current year			Current year
Name of company	Country	Direct energy	Indirect energy	Total	
Nammo Raufoss	Norway	3 711 596	25 939 626	29 651 222	83 329
Nammo NAD	Norway	0	2 003 750	2 003 750	1 965
Nammo Bakelittfabrikken	Norway	403 281	902 742	1 306 023	394
Nammo Vingåkersverken	Sweden	5 829 283	1 081 980	6 911 263	900 000
Nammo LIAB, Lindesberg	Sweden	0	12 476 044	12 476 044	17 386
Nammo Vanäsverken	Sweden	0	5 990 000	5 990 000	17 500
Nammo Lapua, Lapua	Finland	0	9 078 511	9 078 511	26 914
Nammo Lapua, Vihtavuori	Finland	0	9 247 984	9 247 984	6 605
Nammo Vihtavuori Oy	Finland	753 152	38 523 000	39 276 152	1 056 000
Nammo Schönebeck GmbH	Germany	1 576 179	1 597 435	3 173 614	2 348
Nammo Buck	Germany	566 873	1 224 766	1 791 639	7 558
ND PressTec	Germany	2 319 483	3 029 576	5 349 059	50 284
Nammo MTH	Switzerland	338 596	26 166	364 762	0
Nammo Palencia	Spain	40 576	6 777 694	6 818 270	73 455
Nammo Talley	USA	27 422	8 179 245	8 206 667	17 487
Nammo Composite Solutions	USA	565 138	897 760	1 462 898	117 68
Nammo Tactical Ammunition	USA	0	0	0	0
Nammo Pocal	USA	202 256	882 308	1 084 564	361

		Waste (kg)						
		Current year						
Name of company	Country	Hazardous waste	Metal Cardboard waste	Paper Woodwork	Plastics	Residual waste		
Nammo Raufoss	Norway	194 349	0	29 699	7 000	48 949	6 299	126 883
Nammo NAD	Norway	935	0	0	820	7 620	0	17 880
Nammo Bakelittfabrikken	Norway	0	0	7 780	0	0	6 000	6 140
Nammo Vingåkersverken	Sweden	38 155	477 021	0	2 120	24 927	12 060	0
Nammo LIAB	Sweden	6 561	0	33 340	2 180	0	0	8 850
Nammo Vanäsverken	Sweden	71 463	3 235	6 630	649	36 340	3 290	0
Nammo Lapua, Lapua	Finland	21 910	183 520	3 680	720	2 920	44 480	98 245
Nammo Lapua, Vihtavuori	Finland	41 887	254 940	2 490	120	4 000	0	22 090
Nammo Vihtavuori Oy	Finland	79 200	27 440	17 140	6 640	18 820	0	94 040
Nammo Schönebeck GmbH	Germany	66 896	9 040	0	0	5 000	0	57 341
Nammo Buck	Germany	100 620	2 872 640	341 280	7 656	368 820	32 100	60 520
ND PressTec	Germany	73 899	5 027 208	0	44 000	13 000	0	52 920
Nammo MTH	Switzerland	0	0	0	0	0	2	0
Nammo Palencia	Spain	22 122	198 875	11 700	0	9 180	6 900	5 970
Nammo Talley	USA	30 203	19 016	18 937	3 897 60	27 626	0	63 686
Nammo Composite Solutions	USA	3 135	900					5 575
Nammo Tactical Ammunition	USA	45	100	45	25	0	0	0
Nammo Pocal	USA	0.21	0	0	0	0	0	0

Name of company	Country	Current year				Other
		Recycling	Combustion with energy recovery	Combustion without energy recovery	Landfill	
Nammo Raufoss	Norway	91 947	48 949	91 947	126 883	0
Nammo NAD	Norway	84 480	0	0	0	0
Nammo Bakelittfabrikken	Norway	0	0	0	0	0
Nammo Vingåkersverken	Sweden	477 02	15 297	39 107	0	0
Nammo LIAB	Sweden	0	97 214	0	4 505	2 110
Nammo Vanäsverken	Sweden	250 179	27 110	6 520	0	0
Nammo Lapua, Lapua	Finland	267 385	19 700	0	44 480	21 910
Nammo Lapua, Vihtavuori	Finland	260 140	23 500	1 063	0	0
Nammo Vihtavuori Oy	Finland	62 580	23 360	71 260	2 650	83 430
Nammo Schönebeck GmbH	Germany	147 300	0	0	0	0
Nammo Buck	Germany	2 912 396	770 620	100 620	0	0
ND PressTec	Germany	5 071 208	70 040	0	62 420	7 359
Nammo MTH	Switzerland	2	0	0	0	0
Nammo Palencia	Spain	229 337	0	0	0	0
Nammo Talley	USA	69 477	2 300	67 177	63 686	0
Nammo Composite Solutions	USA	4 903	1 850	0	0	0
Nammo Tactical Ammunition	USA	170	0	0	0	0
Nammo Pocal	USA	0	0	0	0	0

NR=not reported

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PEOPLE

Changes in the organization and new members of the Nammo Group have made us stronger. The One Nammo approach is deeply rooted in the organization and allows new sites and organizational units to be integrated quickly into the business, strengthening teamwork.

Cooperation

The One Nammo initiative launched some years back follows three main threads: cross business unit cooperation, the One Nammo culture, and encouraging common working methods and systems. It encourages the exchange of best practices and builds a strong, cooperative organization.

We motivate each of our employees with an appraisal review that ensures constructive feedback and clear communication. The issues discussed include work, environment and cooperation; a review of competency levels; assessing employee alignment with our values; evaluating achievements; and setting objectives and personal development goals.

Diversity

Encouraging female university graduates and women with other relevant backgrounds to join Nammo continues to be an important endeavor, and we strive to motivate women to apply for management positions. Last year, however, when recruiting for our business development department, we received a total of 53 applications, only three of which were from women.

In the group management, the number of women has increased from one to two. Women account for 25 percent of Nammo's employees.

We have designed a personnel policy to ensure equal opportunities and rights, and to prevent discrimination on the grounds of gender, ethnicity, national origin, skin color, language, religion and philosophy of life or age. This applies in particular to recruitment, career development, equal pay for equal work and working conditions. The recruitment of personnel must be performed in accordance with the regulations of the national security authorities in the respective countries.

All employees in Europe have the right to and are included in the collective bargain agreements. In the US they have the same rights, but it is not practiced. We coordinate our benefits program in the US and have introduced health care and a defined contribution pension program. It is our goal to have this completed during 2017.

Health and safety

We are a part of the explosives industry and handle volatile materials. Therefore, health, environment, safety and security (HESS) has high priority for Nammo's employees, and is constantly on the agenda.

Every year we conduct HESS audits at all sites to set individual targets and to focus on improvements. All sites individually set their annual HESS targets and implement an improvement plan. The audit includes selected focus areas, and in 2016, all sites were compliant. Newly acquired companies have been prioritized in connection with audits to make sure that the HESS level is in conformity with Nammo's high standard.

Each year, all sites in Nammo have their own education and training schedules. Once a year, Nammo arranges a HESS forum for the employees responsible for these areas.

Sick leave

We are continuously considering the reasons for the group's sick leave numbers. We must get a better understanding of what workplace adjustments can be implemented to reduce the overall amount of sick leave for Nammo employees. Measures for reducing sick leave can include worksite ergonomic assessments, break time, healthy hygiene stations, flexible scheduling and training opportunities.

The sickness absence rate in 2016 was 4.2 percent. This is an improvement from 2015, but still 0.2 percent higher than the target. The Lost Time Injuries (LTI) rate was eight. No explosives-related LTI accidents were reported in 2016. In general, reducing the number of LTI accidents is challenging. Most LTI accidents are caused by slipping or falling, or small finger injuries, that equate to fewer than five days off work.

Only four accidents resulted in the injured party taking in excess of 20 days off work. The reporting of incidents/near misses increased to 1 730 reports last year, which exceeded the target of 1 500. By reporting near misses and incidents, we can take preventive and corrective actions and avoid more serious accidents. This is in accordance with our overall directive.

Reporting and following-up hazardous conditions, incidents and accidents is a high priority. The sites must update all risk analyses connected to production or testing activities, update emergency plans and perform annual emergency training.

IT security

We experience regular attempts to infect our computers with malicious software. This is either done in order to enable adversaries to steal technical data or for fraud or extortion purposes. To encounter the increase in threats we have strengthened our resources and increased our awareness focus. To reduce the various information security threats, we launched another training program for all employees in February 2016, with a new lecture every month planned for the next three years.

Team of the year

The team of the year award is presented every year during the internal Nammo Forum's Annual Award Ceremony.

The winner of the team of the year 2015 was the Nammo NAD facility, which is part of the Demil, Sea Safety and Services business unit. The team made a positive contribution in building a strong, competitive culture, based on the company values and the One Nammo spirit.

The team has succeeded in significantly increasing annual sales, achieving an outstanding 100 percent growth over the last 5 years. Their work takes place 1 000 meters under ground at the Løkken Verk mine in Norway.

The jury stated that the award-winning team has fully embraced the company values, as well as the One Nammo culture and teamwork concept, by demonstrating an eagerness to help whenever requested to do so. They have made significant contributions to past successes at both Vingåkersverken and Buck, frequently taking on tasks involving the disposal of problematic ammunition and facilitating on-time, cost-effective delivery for other members of the business unit.

Working conditions at the mine in Norway are unlike any other area in Nammo. The team remains highly motivated and focused at all times, delivering effective production reviews that are structured to include all workers at the site.



Vocational award

In September 2016, Nammo Raufoss received the Norwegian Enterprise (NHO) vocational award. The NHO vocational award aims to promote vocational education and training skills through visualizing good training establishments. As such, entrants must adhere to a number of strict criteria, including a willingness to take on apprentices, as well as a focus on professional development, customer satisfaction and local affiliation.

Currently, the Nammo Raufoss training school has a total of 18 apprentices, covering five vocational fields. Candidates from the school have participated in both the Norwegian championship for vocational professions and the World Championship in WorldSkills.



WorldSkills

The apprentice Tobias Alm from Nammo became the reigning champion in his apprenticeship at the Norwegian vocational championships in Bergen, Norway. He competed against apprentices in CNC turning for three days.

In October 2017, Tobias will participate in the World Championship in Abu Dhabi.



High scores in Finland

In the beginning of the year, Nammo Lapua Oy and Nammo Vihtavuori Oy in Finland conducted a survey for all personnel regarding workplace equality. Around 70 percent of the personnel answered questions related to equal treatment and opportunities as well as sexual harassment and bullying.

The results were very positive. Nearly 90 percent of the respondents thought that their superior treats employees equally, regardless of gender or age. Less than 1 percent had experienced sexual harassment or bullying at the workplace during the past year. Further, approximately 85 percent felt that Nammo offers equal opportunities to attend training and influence decision-making.

Safe footwear

At Nammo Lapua, Vihtavuori site, a project has been completed in order to control ESD (electrostatic dissipating) footwear and grounding wrist straps.

A traceable calibration system has been composed for control stations, which are used to measure the right resistance level of ESD footwear and grounding wrist straps. The footwear and wrist straps are used for safety in manufacturing where propellants and explosives are handled.



Successful local Health, Environment, Safety and security day

In April, the Nammo Raufoss site held a useful and successful HESS day at Sillongen. There were approximately 60 participants, including safety representatives, supervisors, operations managers, the plant manager, as well as employees in staff and development departments. The main topic of the HESS day was contingency planning. Sigmund Sofienlund presented the company's emergency plan, and representatives from Vestre Toten Municipality's crisis management team were present and briefed on municipal and regional preparedness.

Women's Forum

In September, Nammo Raufoss Women's Forum held its second gathering. All female employees from Nammo Raufoss, Nammo Corporate, Nammo Bakelittfabrikken and Nammo NAD were invited and approximately 80 participants attended.

The theme was "the hunt for the feeling" and Vibeke Holtskog was the lecturer of the day. She engaged the audience with her open and inclusive approach and her clear message: At any workplace we depend on the people around us to get things done. How we cooperate will always affect the outcome. Our feeling is one of the most important success factors in this collaboration, affecting both comfort, efficiency and work satisfaction, and ultimately results in better results and lower sick leave! In a word, it's about value creation!

After the lecture, a workshop was organized and the participants were divided into 13 groups to discuss these questions: What will we continue with? What do we want to start with? What do we want to end with?

Important elements for obtaining the "we feel" are respect, trust and loyalty, pride, openness and clarification of mutual expectations and constructive feedback.



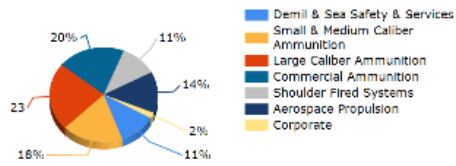
Nammo Pocal



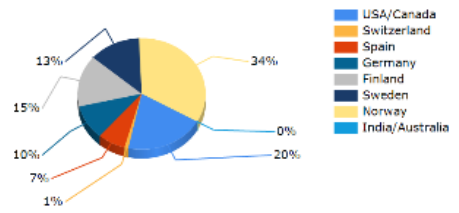
In May 2016, we were very proud to announce that our employees had achieved over 1 500 days without a lost time injury (LTI). This incredible safety record prompted us to put together an event at both Pocal facilities, Moscow and Scranton, where we served a pizza and ice cream lunch for our employees, and all employees received a Nammo Pocal hat!



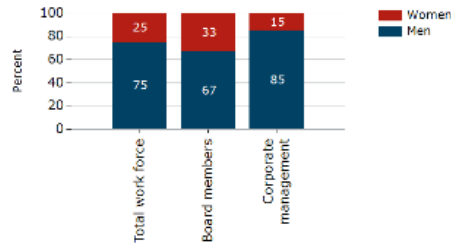
Employees per business unit 2016



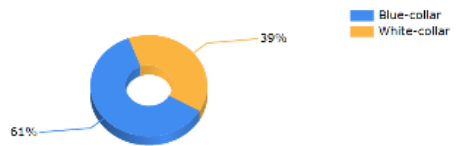
Employees per country 2016



Gender percentages 2016



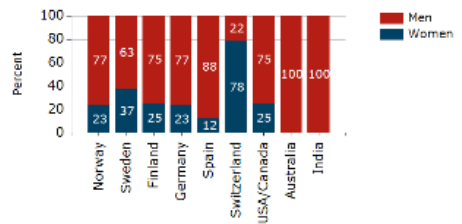
Group distribution between white-collar and blue-collar 2016



LTI rate in Nammo 2016



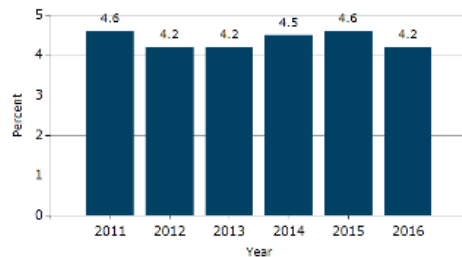
Percentage men vs women per country 2016



Percentage men vs. women 2016



Sickness absence in Nammo 2016



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SOCIETY

We intend to contribute to the development of local communities in which we operate with e.g. science projects for young people, humanitarian initiatives and various sport activities. Our goal is to increase the Nammo Group's visibility.

We want our employees to be excellent Nammo ambassadors in their local community. An important endeavor is to increase the knowledge level about Nammo and the defense industry.

Our stakeholders

We respect and listen to all stakeholders and maintain an open dialogue with different interest groups. It is our policy to always provide the facts and to be transparent. We meet with local and national politicians in the countries where we operate and we have a good dialogue with the most relevant non-governmental organizations (NGOs). We aim to build a strong relationship with civil society through cooperation and a positive presence.

Non-governmental organizations (NGOs)

NGOs can be defined as the defense industry's watchdog. They follow the business closely and report to the public and the media as soon as they perceive anything that does not comply with their standards. There are several different NGOs and they act differently depending on their objectives, convictions and view of the world.

Some of them are humanitarian organizations and have as their main objective to report about potential breaches of humanitarian rights in war zones. Some NGOs are youth organizations organizing campaigns and activist demonstrations against different businesses. Nammo respects the fact that some of the NGOs and their supporters have a different opinion and understanding of the world's need for defense material.

During the last two years, Nammo has had several meetings with the Norwegian Red Cross in order to discuss how the industry works in relation to the authorities regarding the implementation of the Arms Trade Treaty and how the industry evaluates Article 36 of the Geneva Convention (1).

(1)Article 36 of Additional Protocol I of the 1949 Geneva Conventions requires states to conduct legal reviews of all new weapons, means and methods of warfare in order to determine whether their use is prohibited by international law.

Nammo has always been open for a dialogue with NGOs and we welcome any NGO that wants to visit our company and learn more about the industry and the business.

A successful Norwegian space initiative

In the autumn of 2016, the Norwegian government proposed a downscaling of Norwegian space activities in the state budget for 2017. This would mean the loss of technological lead, which in turn would mean lost jobs. Cuts in Norwegian participation in ESA's voluntary program would have an immediate effect on the space activities at Nammo. Both current projects and planned projects would be affected and jobs would be lost.

We approached the government with a series of arguments for continued focus on the space industry and pointed out the consequences. This is a good example of a dialogue with one of our most important stakeholders.

In close cooperation with several of the stakeholders within the Norwegian space environment, we succeeded in our common dialogue with the government and they finally voted "at the last hour" for continued support for Norwegian participation in ESA's voluntary program.

For Nammo the most important milestone was to keep our lead position in environmentally friendly rocket motors. But it also meant that we could continue the Norwegian space operations with full speed. Another important element was that we will continue to keep and increase our national competence in space and rocket science and focus on increased possibilities for future education and research within the area.





Blått lys for romforskning



FOTO: ASBJØRN RISSAKKEN

NAMMO PÅ RAUFOSS:

Onno Verberne i Nammos romavdeling mener det er mest sannsynlig at Space- og off shore-avdelingen av Nammo AS legges ned på sikt.

NYHETER SIDE 2-3

FRIVILLIGENTRALD



REDDET LUKAS FOR SLAGRAMMET

Slagrammede Arild Bryn i Gavik hadde ordnet time for avliving av Lukas. Nå er den avbestilt.

NYHETER SIDE 4-5

GLUTENFRITT



BEST I NORGE PÅ GLUTENFRITT

Marit Helene U. Olsen i Pula-Ditt varested.

NYHETER SIDE 12

BLACK FRIDAY *Kjennetiltak!*
Bohus



We require our suppliers to be compliant with our supplier conduct principles and the Nammo Ethical Code of Conduct. The principles are founded on the UN Global Compact's ten principles, as well as our company values.

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

Nammo mainly buys from European countries and North America, where the risk of violation of human rights and other regulations is low. Nammo supports the 10 principles of the UN Global Compact and therefore focus on suppliers that can follow these principles.

As Nammo's main activity is industrial production, most suppliers provide raw material for our products and machining equipment. Local suppliers are to be used if competitive, and as an example Nammo Raufoss makes purchases worth more than NOK 100 million locally every year. When it comes to services, most of them are provided by national suppliers where we have operations.

It is vitally important to secure deliveries from suppliers of critical components or materials with long-term agreements.

Read [suppliers code of conduct](#).

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 business units.

We have an open dialogue with our suppliers. Nammo Procurement hosts annually a USA supplier conference for updates, compliance and exchange of information. An annual compliance questback is also sent out to our most valuable suppliers with a focus on requirements for organization, products, materials and updates of certificates, such as ISO.

Our strategic supplier list is regularly maintained. We actively research new opportunities to secure strategic materials and components, including identifying new suppliers. Strategic suppliers are evaluated for the short and long term depending on the availability of materials.

Nammo Procurement Forum

The mandate for the Nammo Procurement Forum is to identify areas of cooperation through brainstorming, suggestions and input. Clear actions are made and ideas for improvements are followed up. We focus on sharing best practice between sites and business units within contracting and negotiation expertise. With an increase in global agreements, we will be able to reduce costs and strengthen compliance with our terms and conditions. The goal is to achieve strong common standards and an even more sustainable way of handling our suppliers.

Sponsorships

We continue our sponsorship of two Norwegian national sports teams: one is the women's biathlon, and the other is as the main sponsor of the women's ski jumping team. A brand exposure report carried out by the Norwegian Ski Federation shows that the Nammo logo has been visible to tens of millions of people on TV and other media.

Our sponsorship commitments illustrate our desire to build a strong company culture and promote the internal focus of empowering women in the company.

The sponsorship procedure

To achieve the goals of our sponsorship engagements, our sponsorship procedure is in accordance with the communication directive. This defines general rules on how to deal with sponsorship requests in order to avoid any discrimination or disqualification during the selection process.

The procedure applies to Nammo AS, all wholly owned subsidiaries and all subsidiaries where Nammo has a majority ownership and/or management control. It also covers any third party acting on behalf of the company. Legal entities shall comply with this procedure as well as local laws and regulations.

Our engagement in sponsorships aims to cover three areas:

- Branding
- Company culture
- The visualization of corporate social responsibility (CSR)

[Apply for sponsorships here](#)



Nammo in the media



Based on measurements from our vendor Meltwater News, we have evaluated the total media coverage of Nammo through world wide web channels during 2016.

Nammo was mentioned about 2 801 times in 2016 (4 167 in 2015) in editorial and social media. 86% (68%) of these articles were published in editorial media, while 14% (32%) were published in social media. The decrease in posts on social media relative to 2015 is mostly due to more accurate measurements following Meltwater product improvements this year.

The potential reach of Nammo in 2016 amounted to 2.39 billion compared to 3.8 billion in 2015. The main influence on this was publicity, especially for Bloodhound, in Chinese news sources with significant readership, probably due to the fact that Bloodhound got the Chinese car producer Guely as a main sponsor last September. It is clear that the media coverage from participation in the Bloodhound project has given Nammo a large coverage worldwide.

The media quality of the articles is determined by calculating how many of the articles mentioned Nammo in the title/ingress versus the body of the article. Nammo ended with a media quality score of 11.24%, meaning that approximately one-tenth of the articles were specifically about Nammo.

The tonality of articles is either positive, neutral or negative. The net tonality score is determined by taking the percentage difference between positive tonality and negative tonality articles. The net tonality score for editorial media was +3% (+5%) and for social media +5% (+22%). In total, 92% of the articles/posts had neutral tonality.



Commercial market: <https://www.nammo.com/what-we-do/civilianproducts1/>

The commercial market

Click [here](#) to read all about what we do regarding commercial products.

Technology support

Speed record

The Bloodhound Supersonic Car (SSC) is the product of eight years of research, design and manufacturing, involving over 350 companies and universities, and is designed to set a 1 000 mph world land speed record. Nammo's technological contribution to the project is to provide the hybrid rocket motor, which combined with the EJ200 from a Eurofighter Typhoon will produce 135 000 thrust horse power – equal to 180 Formula 1 cars combined. This makes the Bloodhound SSC the world's most powerful land vehicle.

The project is a great opportunity for Nammo to highlight the company's technological capability in rocket motors and space science. The main object is to inspire the future generation to an interest in science, technology, engineering and math (STEM).

Combining formula 1, fast jet and space rocket in one, the Bloodhound SSC is an international education initiative focused around a new world land speed record attempt. A Rolls-Royce EJ200 jet engine Eurofighter Typhoon and a cluster of Nammo hybrid rockets are set to be installed in the Bloodhound SSC at the Hakskeen Pan in South Africa for the record attempt.



Multiple initiatives

The Nammo Group and its local business units support a range of activities in local communities, including sports, cultural events, humanitarian aid and health actions for employees. In addition, employees regularly make donations to various local initiatives.

Arms trade treaty

The Arms Trade Treaty (ATT) was adopted by the UN General Assembly to regulate international trade in conventional arms by establishing the highest international standards, and to prevent and eradicate illicit trade and diversion of conventional arms.

The ATT contributes to international and regional peace, security and stability, reducing human suffering, and promoting cooperation, transparency and responsible action among the international community.

All of Nammo's production facilities are located in signatory countries to the Arms Trade Treaty, but not all the countries have ratified the agreement. All countries that have ratified the treaty are legally bound to follow it and must harmonize their national laws and regulations with the provisions of the treaty.

Nammo supports the initiative of the Arms Trade Treaty and believes that to follow up the implementation of the treaty, it is important that the defense industry is part of the future dialogue at an equal level to non-governmental organizations.

By December 2016, 89 countries had ratified the ATT and 130 states had signed the treaty.

Reporting

The Norwegian government expects partly owned companies with international business to follow the Global Reporting Initiative (GRI) standard. Since 2008, GRI has been our standard for sustainable reporting. We transferred to G4 in 2015 and will for the future report on GRI standards since it was announced at the end of 2016 that the G4 guidelines had been superseded by the GRI Sustainability Reporting Standards (GRI standards). The GRI standards will be required for all reports or other materials published on or after 1 July 2018, while the G4 guidelines remain available until this date.

The UN Global Compact

Nammo has supported the United Nations Global Compact (UNGC) and its 10 principles for many years, but officially joined in 2012. Nammo's ambitions are aligned with the key focus areas of the UNGC Leaders Summit of 2013. Without strong cooperation between governments as well as local and international business operations, it will be very difficult to meet the ambitious targets that the Global Compact has set for the future. The summit demonstrated that cooperation is improving. We will continue our strategic corporate social responsibility (CSR) work in line with the 10 principles, with a special focus on three elements:

- Prevention of child labor
- Anti-corruption awareness
- Empowering women

Human rights

Principle one: Human Rights. Businesses should support and respect the protection of internationally proclaimed human rights.

We are committed to conducting our business with respect for, and in support of, the ten principles of the United Nations Global Compact.

Our business must comply with all applicable laws and respect internationally recognized human rights, wherever they operate.

Our responsibility of human rights extends from the communities affected by our business activities to our supply chain, partners and employees. We are committed to treat those working for us and those impacted by our operations in a fair manner and without discrimination. Our employees must have safe, healthy and secure working conditions. The Group recognizes freedom of association and the right to collective bargaining

We are opposed to all forms of human trafficking, forced labor and illicit forms of child labor in our entire value and supply chain.

We must respect the human rights of people in the communities impacted by our production facilities, including in relation to their use of land, water and other natural resources. Our HESS policy must be followed at all our production facilities in all countries where we have our operations.

All our employees and any third party working on our behalf must comply with our Ethical Code of Conduct and the UN Global Compact's ten principles.

Nammo Raufoss, Norway

We support local activities that benefit children and young people. Research shows that joining organized activities in your free time as a child is beneficial both in terms of doing well in school as well as for personal development.

A number of local sports clubs receive support from Nammo Raufoss. This engagement helps the clubs to offer children and youngsters in the community a great variety of leisure activities. This includes handball, football, skiing, shooting, ice hockey, to mention a few.

VIP visit

In November, the president of the Norwegian Parliament, Olemic Thommessen, visited Nammo Raufoss Training School and Nammo Space. The Norwegian champion of CNC machining Tobias Alm met the president and guided him around the mechanical department. We informed about Nammo's work with training of apprentices and the opportunities for our full time employees at the Training School.

The theme of the visit to Nammo Space was the Government proposal in next year's state budget of drastic cuts in the support of the Norwegian space initiative.

Read more about this under "The space initiative".

Career day

In February, Nammo Raufoss attended RealKarriere, which is a career day for all students in the Faculty of Mathematics and Natural Sciences at the University of Oslo. This is the second year Nammo Raufoss has participated at this event. It is an important venue to build reputation and knowledge of Nammo as a technology company.

European Space Camp

ESC is an international summer camp at Andøya Space Center in Norway. The primary focus is to promote science both as a field of study and as a line of work. Participants are young scientists that achieve this through theory, practice and social activities. In 2016, ESC celebrated its 20th anniversary. Nammo has supported the camp for a number of years, and was invited to the celebration where we even watched a launch from the space center.

Nammo Liab, Sweden

In March, the Swedish Defense Minister Peter Hultqvist visited Nammo LIAB in Lindesberg. In addition to the Minister of Defense, local councilor of Lindesberg Irja Gustafsson also participated.

Nammo Pocal, USA

Throughout the year, Nammo Pocal provides many opportunities to bring all of our employees together as one Nammo. Providing events that bring employees and their families together has shown over time to lead to a stronger and more positive culture. Many of these events that are planned throughout the year are to reward our employees for their commitment to safety, quality, and overall dedication to Nammo Pocal.

In 2016, some events that we provided to our employees were:

- Employee of the month – This takes place monthly, at both the Moscow and Scranton facilities. We provide movie tickets, hockey or baseball tickets, \$35, a certificate, and a Nammo Pocal item (i.e. shirt, hat, coffee mug, etc.)
- In October of 2016, we had internal employee tours of both the Moscow and Scranton facilities. This provided our Scranton employees the opportunity to interact with and experience the Moscow facility and their employees, and vice versa.



One Warm Coat

The mission of this charity is to provide anyone in need with a warm coat, free of charge. The donated coats go directly to children, women and men in need. Since its establishment more than 20 years ago, this charity has provided warmth to over four million people by giving them a coat.

Nammo Inc participated in the One Warm Coat drive. During the month of November, employees donated new and/or gently worn coats, scarves, hats and gloves of any size. All the coats collected were donated to military veterans locally.



Ride to find a cure for cancer

The Huntsman 140 event is a road cycling fundraiser to support cancer research at Huntsman Cancer Institute (HCI). Riders can take on the entire 140 miles or choose shorter stretches of 75, 50, or 25 miles. The event welcomes cyclists of all levels, from avid riders who will take on the 140 miles, to the new pedal pusher wanting to enjoy the rolling 25 miles. Nammo Composite Solution has participated in the Huntsman 140 event since 2012. \$5580 was raised for cancer research.

Initially Eric Clayton got involved through others training for the Huntsman 140 after work. He said, "It sounded like fun to be a part of the team and to get some exercise at the same time." In his first year he did the 25 mile, the second year the 70 mile, and last year the 50 mile.

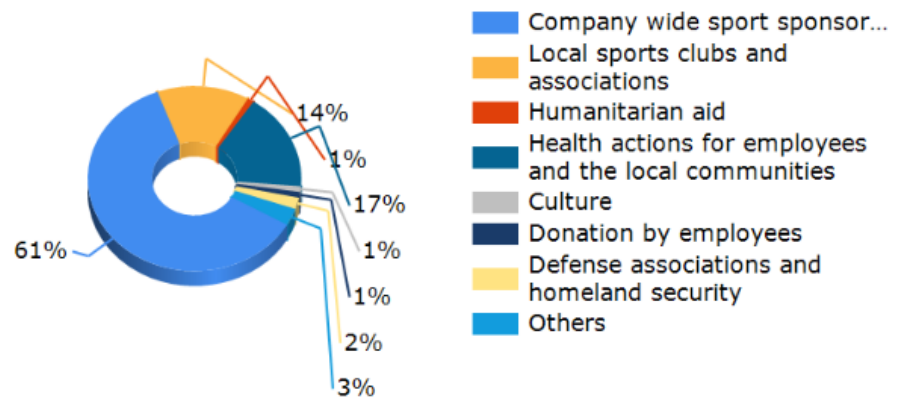
Nate Lodder talks about his experience and the why behind his involvement with Huntsman 140: "I have ridden with the Nammo team for the last four years. My mother is a cancer survivor, and this is a great way to benefit a cause that is near to my heart. While race day is fun, the part I enjoy the most is the training leading up to it. It serves as great motivation to get out on my bike early in the year, when it is still cold, and spend some time in the outdoors. There are also times that we train as a Nammo team, which is a great way to build camaraderie between colleagues. During team training sessions it is great to see the support and encouragement shared by all, especially while climbing a steep hill or riding into the wind. Overall, the H140 is a great experience that leaves everybody involved a little better than they were before."

Team Nammo's commitment to participate in the event reinforces our values of dedication; we are enthusiastic and creative, always searching for the best solutions and care; we are inclusive and open-minded, always encouraging team spirit and cooperation. By working together in this small but simple way, we have been able to make an impact on our community and in the world around us.

Money raised through this one-day event goes to the Huntsman Cancer Foundation to support cancer research at HCI. The Huntsman Cancer Institute is a National Cancer Institute-designated Comprehensive Cancer Center, which means it meets the highest standards for cancer research and receives support for its scientific endeavors.



Sponsoring programs 2016



Executive summary; One Nammo delivers

Ethics

Compliance

Environment

People

Society

Global Reporting Initiative

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 reporting according to GRI – G4, level Core.

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 annual reporting whether it is fully or partly disclosed according to the GRI guidance.

GRI element/ indicator	Comments and references
Strategy and analysis	
G4-1 Statement from the CEO	AP: p 4-5
Organizational profile	
G4-3 Name of the organization	Nammo AS
G4-4 Primary brands, products and/or services	AP: p 8-18 Web: What we do
G4-5 Location of organization's headquarters	Raufoss, Norway
G4-6 Countries in which the organization's operations are located	AP: p 10-11
G4-7 Nature of ownership and legal form	AR: p 41 Web: About us
G4-8 Markets served	AR: p 7, 10-11 Web: About us
G4-9 Scale of the reporting organization (employees, operations, net sales, capitalization, products and services)	AP: p 6-7, 10-11 Web: CSR - people
G4-10 Scale of the reporting organization (employees by contract and gender, region etc.)	Web: CSR - people
G4-11 Scale of the reporting organization (employees covered by collective bargaining agreements)	Web: CSR - people
G4-12 The organization's supply chain	Web: CSR - society; procurement
G4-13 Significant changes during the reporting period	AP: p 8
G4-14 Explanation of whether and how the precautionary approach or principle is addressed	AP: p 21 Web: CSR - environment
G4-15 Externally developed economic, environmental, and social charters, principles, or other initiatives endorsed	AR: p 6-7 AP: p 5, 20 Web: CSR - compliance, society
G4-16 Memberships in associations and/or national/international advocacy organizations	AR: p 6-7 AP: p 5, 20, 23 Web: CSR - compliance, society

Identified material aspects and boundaries

G4-17	Operational structure of the organization	AP: p 10 Web: About us; Business units
G4-18	Process for defining report content – Process for defining report content	Web: CSR introduction
G4-19	Process for defining report content – material Aspects	Web: CSR introduction
G4-20	Boundary of the report - within the organisation	Web: CSR introduction
G4-21	Boundary of the report, outside the organisation	Web: CSR introduction
G4-22	Explanation of the effect of any re-statements of information	No significant re-statements
G4-23	Significant changes from previous reporting periods	No significant changes

Stakeholder engagement

G4-24	Stakeholder groups engaged by the organization	Web: CSR - executive summary, society
G4-25	Identification and selection of stakeholders engaged	Web: CSR - executive summary, society
G4-26	Approaches to stakeholder engagement	Web: CSR - executive summary, society
G4-27	Key topics and concerns raised through stakeholder engagement	Web: CSR - society

Report profile

G4-28	Reporting period	2016
G4-29	Date of most recent previous report	Annual performance report 2015 Annual report 2015 Web: CSR report 2015
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding the report	info@nammo.com
G4-32	"In accordance" option, GRI content index, and reference to the External Assurance Report	In accordance option Core Web: CSR - Global Reporting Initiative
G4-33	Policy and current practice with regard to seeking external assurance	External assurance not practiced for the CSR report

Governance

G4-34	Governance structure of the organisation	AR: p 42-43
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Ethics and integrity

G4-56	Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	AP: p 2-3, 23 AR: p 6, 42 Web: CSR - executive summary, compliance, ethics
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Specific standard disclosures, category: economic

Aspect: Economic performance

G4-DMA	Generic disclosures on management approach	AP: p 2-5 AR: p 3-6, 42-43 Web: CSR introduction, executive summary
G4-EC1	Direct economic value generated and distributed	AP: p 6 AR: p 10-13, 27-30
G4-EC2	Financial implications and other risks and opportunities related to climate change	AP: p 21 Web: CSR - environment
G4-EC3	Coverage of the organization's defined benefit plan obligations	AR: p 23, 36

Specific standard disclosures, category: environmental

Aspect: Energy

G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment
G4-EN3	Energy consumption within the organization	Web: CSR - environment
G4-EN6	Reduction of energy consumption	Web: CSR - environment

Aspect: Water

G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment
G4-EN8	Total water withdrawal by source	Web: CSR - environment

Aspect: Emissions

G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Web: CSR - environment
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Web: CSR - environment

G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Web: CSR - environment
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Web: CSR - environment
Aspect: Effluents and waste		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment
G4-EN23	Total weight of waste by type and disposal method	Web: CSR - environment
G4-EN24	Total number and volume of significant spills	No significant spills reported in 2016
Aspect: Compliance		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment
G4-EN29	Fines and sanctions for non-compliance with environmental laws and regulations	No significant fines and sanctions reported in 2016
Aspect: Supplier environmental assessment		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment, society
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Web: CSR - society; procurement
Aspect: Environmental grievance mechanisms		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21-22 AR: p 7 Web: CSR - introduction, executive summary, environment
G4-EN34	Number of grievances about environmental impacts	No grievances about environmental impacts reported in 2016

Specific standard disclosures, category: social

Sub-category: labor practices and decent work

Aspect: Labor/Management relations

G4-DMA	Generic disclosures on management approach	AP: p 2-5, 20-21 AR: p 6-7 Web: CSR - introduction, executive summary, people
G4-LA4	Minimum notice periods regarding significant operational changes	According to national laws and regulations

Aspect: Occupational health and safety		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people
G4-LA6	Fatalities, injuries and occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	AR: p 7 Web: CSR - environment
Aspect: Training and education		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Web: CSR - People
Aspect: Diversity and Equal Opportunity		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 20-21 AR: p 6-7 Web: CSR - introduction, executive summary, people
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age and other indicators of diversity	AP: p 19 AR: p 8 Web: CSR - people
Aspect: Equal remuneration for women and men		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people
G4-LA13	Ratio of basic salary and remuneration of women to men	AP: p 6
Aspect: Supplier assessment for labor practices		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Web: CSR - society; procurement
Sub-category: human rights		
Aspect: Investment		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Web: CSR introduction

Aspect: Non-discrimination		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No incidents reported in 2016
Aspect: Freedom of association and collective bargaining		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk	Web: CSR - people Low risk for own operations. Higher risk anticipated in our supply chain.
Aspect: Child Labor		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor	Low risk for own operations. Higher risk anticipated in our supply chain.
Aspect: Forced or compulsory labor		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	Low risk for own operations. Higher risk anticipated in our supply chain.
Aspect: Supplier human rights assessment		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, people, society
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Web: CSR - society; procurement

Sub-category: society		
Aspect: Anti-corruption		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 23 AR: p 6-7 Web: CSR - introduction, executive summary, compliance, ethics
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Web: CSR - ethics
G4-S04	Communication and training on anti-corruption policies and procedures	AP: p 23 AR: p 6 Web: CSR - executive summary, compliance, ethics
G4-S05	Confirmed incidents of corruption and actions taken	No incidents reported in 2016
Aspect: Compliance		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, compliance, ethics
G4-S08	Significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No fines and sanctions reported in 2016
Sub-category: product responsibility		
Aspect: Customer health and safety		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary
G4-PR2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle	No incidents reported in 2016
G4-PR3	Product and service information and labelling required by procedures	According to national laws and regulations
Aspect: Product and service labeling		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, compliance
G4-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 2016

Aspect: Product and service labeling		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, compliance
G4-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 2016
Aspect: Marketing communications		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, compliance
G4-PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	No incidents reported in 2016
Aspect: Customer privacy		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, compliance
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No incidents reported in 2016
Aspect: Compliance		
G4-DMA	Generic disclosures on management approach	AP: p 2-5, 21 AR: p 6-7 Web: CSR - introduction, executive summary, compliance
G4-PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No significant fines reported in 2016

AR = Annual report 2016

AP = Annual performance 2016