

# Namme

SECURING THE FUTURE



2016  
ANNUAL PERFORMANCE

## CONTENTS

Letter from the CEO	4
Key figures	6
Highlights from 2016	8
Company organizational structure	10
The core of our business	12
Inside Nammo	19
Corporate Social Responsibility	20

# 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 our continued growth based on a 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



# OUR VALUES

## 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.



## TRUST IN NAMMO

ENSURING NAMMO IS A CONSISTENTLY COMPLIANT AND ETHICAL ORGANIZATION REQUIRES CONTINUOUS FOCUS ON SEVERAL KEY AREAS. THIS INCLUDES THE FOLLOWING:

- All products developed and manufactured by Nammo shall comply with international laws and conventions
- Any export of a Nammo product requires an export license from the national authorities in the producing country
- Every production unit in Nammo shall be in compliance with the national export requirement of its country
- Nammo's ethical code of conduct applies to all employees and any third party acting on behalf of the company
- Nammo supports the UN Global Compact's Ten Principles

# ORGANIC GROWTH AND INCREASED PROFITABILITY

IT IS WITH GREAT PLEASURE THAT WE REPORT AN ENHANCED NAMMO IN 2016, BOTH WHEN IT COMES TO FINANCIAL PERFORMANCE AND INTERNAL IMPROVEMENTS.

## **INTERNATIONAL GROWTH – KEY FOR NAMMO**

Nammo is among the top 100 defense companies worldwide, with key markets in Europe and America. The military market is strictly regulated by national export regulations for every shipment sent abroad. Nammo has a close but formal relationship with the national export authorities in all seven countries where we have production sites.

The international defense market is characterized by national spending for national benefits. As such, it is driven by a certain degree of protectionism; a trend we continue to see. Nammo counters strong national competition by focusing on superior technology and local production in these key markets. This strengthens Nammo's ability to support the Nordic countries with advanced equipment. Our defense opportunities in the US market are characterized by many years of sequestration but the outlook for

growth in our top-notch product areas looks more optimistic as we enter 2017. This is mainly due to new products, acquisitions, and partnerships with major defense contractors and the US Government. Europe has seen a decline in defense spending since the end of the Cold War. We see this trend changing and moving upwards due to increased NATO pressure on national defense budgets and the geopolitical situation in Europe. It will still take time to see this political change turn into firm orders for the defense industry.

Eighty percent of Nammo sales are from the military market, for the world's most advanced ammunition, shoulder-fired systems and rocket motors. The remaining 20 percent is from the commercial market, for precision ammunition and rocket motors for space and sea safety products. We delivered on our profitable growth ambition during 2016. Sales increased 9.2 percent, reaching NOK 4 132 million and

operating results increased by 35.2 percent to NOK 384 million, resulting in an EBITDA margin of 13.5 percent. Nammo will continue to develop leading military and commercial products in strong cooperation with our customers, to secure the future for all of us.

## **STRENGTHENED ETHICS AND COMPLIANCE**

Nammo is known for having a very good reputation with our stakeholders. We talk straight, work hard, deliver on promises and listen carefully. Our reputation is a vital asset. During 2016 we first strengthened our corporate management team with a compliance officer and a legal counsel. Secondly, we reinforced our direct dialogue with the national governments and the national defense industries in all our markets. Thirdly, we are continuously reinvesting, providing training for our employees within ethics, anti-corruption and IT security.

## A HISTORICAL MILESTONE

A milestone in the history of Nammo was achieved in 2016 and formalized on 19 January 2017, when the 30 year Public Private Partnership Agreement between the US Navy at Indian Head, Maryland, US and Nammo was officially signed. The objective is to support the US Department of Defense with supply of solid rocket motors, propulsion, tactical warheads and demilitarization services.

## IMPROVED CUSTOMER FOCUS

Nammo improved its customer and product focus in 2016 by implementing the biggest change in business unit structure in Nammo's history. There was increased focus on the commercial market and large caliber ammunition, as well as the joining together of all Nammo's shoulder-fired systems businesses, which resulted in a new structure of six business units. The restructuring has been a success and supports our One Nammo approach. The concept is steadily becoming more and more ingrained throughout the organization, supporting our continuous efforts to become even more customer and product driven.

Nammo delivers some of the world's best products; in order to safeguard this for the future, we decided to broaden the implementation of the

*Nammo is securing the future by being a loyal supplier to our customers with high-tech niche products, supported by dedicated employees.*

MORTEN BRANDTZÆG

Nammo Lean Six Sigma culture to all our production sites. The drive for creating the best processes throughout the Nammo Group has started. In addition, we introduced several measures and boosted the interaction between our business units, to become more effective and cost-efficient, for example with the introduction of a Shared Service Center in Sweden. Nammo invested substantially in product development and more efficient production processes in 2016, and will continue to do so in 2017.

## FUTURE OUTLOOK

Nammo's business model is to support our national and international customers with world-leading products and technology, within both defense and commercial business. We will continue to strive for organic and acquisition growth in our key



markets. Nammo is well established in the international marketplace, thus diversifying the risk of being too dependent on a single nation. We expect to grow our business in 2017 through expansion in protected international markets with a high ethical standard and winning culture.

We are looking forward to meeting new challenges with dedication, precision and care.

A handwritten signature in black ink, reading 'Morten Brandtzæg'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

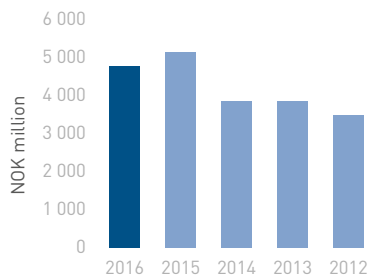
***Morten Brandtzæg***

PRESIDENT & CEO

# KEY FIGURES

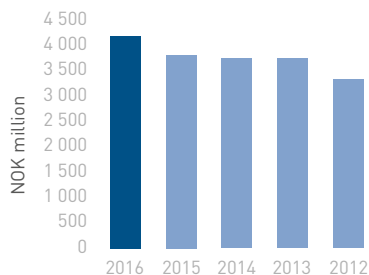
(NOK MILLION)	2016	2015	2014	2013	2012
Order Stock	4 767	5 130	3 853	3 832	3 464
Sales	4 132	3 783	3 718	3 703	3 311
Earnings Before Interest and Tax (EBIT)	384	284	286	489	459
Total Assets	5 050	4 674	4 011	3 666	3 509
Total Equity	2 383	2 329	2 069	1 835	1 603
Average Man Years	2 102	2 088	2 160	1 954	1 922
Return on Sales (ROS)	9.3%	7.2%	7.5%	13%	14%

**4 767**  
NOK million



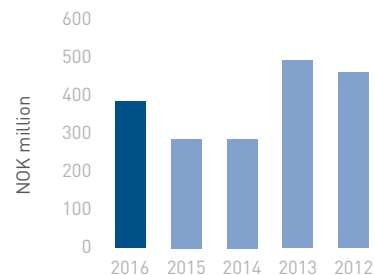
**ORDER STOCK**

**4 132**  
NOK million



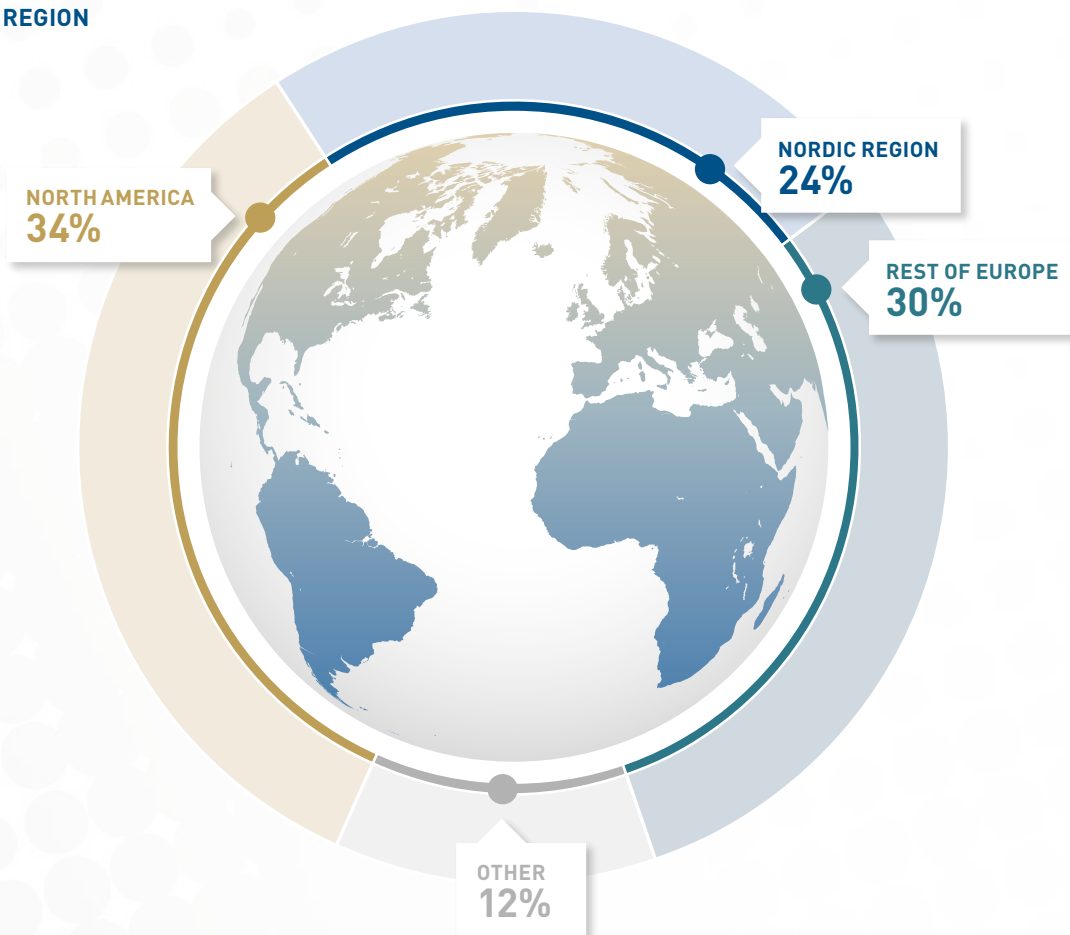
**SALES**

**384**  
NOK million



**EARNINGS BEFORE INTEREST AND TAX (EBIT)**

## SALES PER REGION



Our customers include:

- National and international armed forces (army, air force, navy and special forces), and homeland security
- Other defense and aerospace industries
- Distributors of commercial ammunition for sport and hunting, and sea safety systems

# HIGHLIGHTS FROM 2016

## CUSTOMER, MARKET AND BUSINESS

Lapua Centerfire sales rose 13 percent compared to 2015

Vulnerable Norwegian space activity budget was obtained at the last minute in Norwegian Parliament, sustaining Nammo's space activities

5.56 mm P-SRTA ammunition contract was secured in the US



APEX, the excellent multirole fighter ammunition, received Full Operational Capability (FOC) approval from US Navy

M72 Airburst development for US SOCOM continued on time and budget

Nammo draws closer to securing the Shoulder Fired Systems modernization program in Poland with our lightweight M72 system

155 mm development contract was signed with the Norwegian Defence Material Agency

New development, first contract and even delivery achieved for 9 mm Frangible ammunition in 2016

Rimfire business and production exceeded expectations with a 24 percent sales growth, and both sales and results reached an all-time high

## ORGANIZATION

Nammo India sales office opened in June

Nammo is now a 100 percent shareholder of ND PressTec, having purchased the remaining 35 percent



Public Private Partnership Agreement signed between US Navy (NSWC/IH) and Nammo Energetics Indian Head, January 2017

Acquisition of Berger Bullets announced in October 2016 and approved by the US Government in January 2017



**QUALIFICATIONS AND DEMONSTRATIONS**

155 mm IM HEER artillery ammunition was fired more than 40 km from a K9 gun at Ravlunda test range, exceeding Norwegian qualification requirements



Qualification of Vihtavuori propellant on 120 mm KE-TP ammunition

Qualification of 20 mm TP-M ammunition and receipt of first contract from Italy

Rocket motor for AMRAAM was qualified in new mixer

120 mm radio frequency programmable Airburst ammunition was fired from Leopard 2 A4No during Nammo's Multipurpose Symposium at Raufoss, Norway

**LEARNING AND GROWTH**

"Best together" project was launched for commercial ammunition brands. The project includes a brand book from Lapua, with one in the pipeline for Vihtavuori

Nammo received excellent results from a customer survey, affirming Nammo's position as a trustworthy, reliable and honest supplier



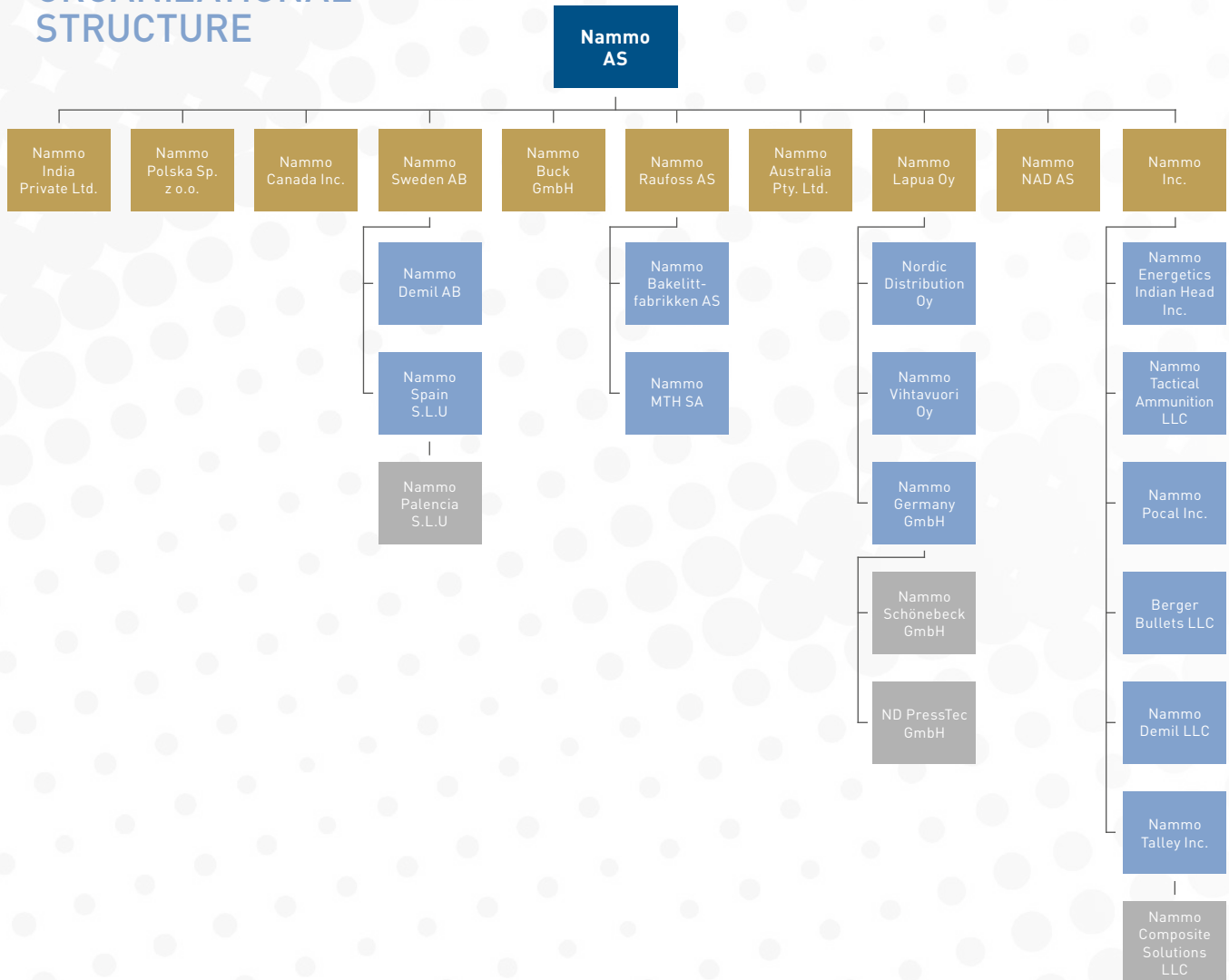
Nammo Vihtavuori finalized installation of a brand new cooling system to reduce water intake from the Lake Siikajärvi

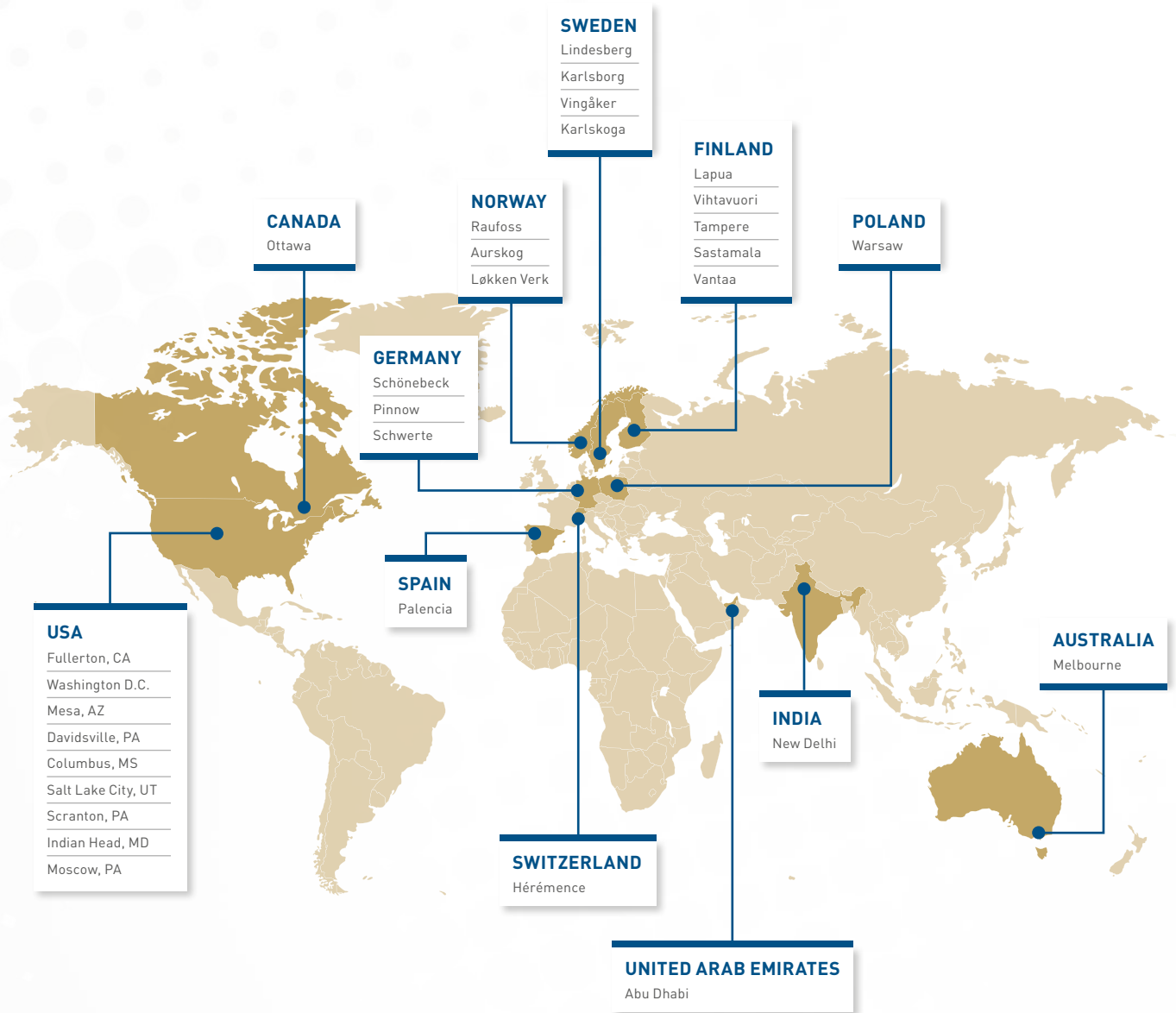
Total makeover of Nammo Pocal finalized and building of new warehouse completed

Very good results at Nammo NAD in parallel with extensive maintenance work

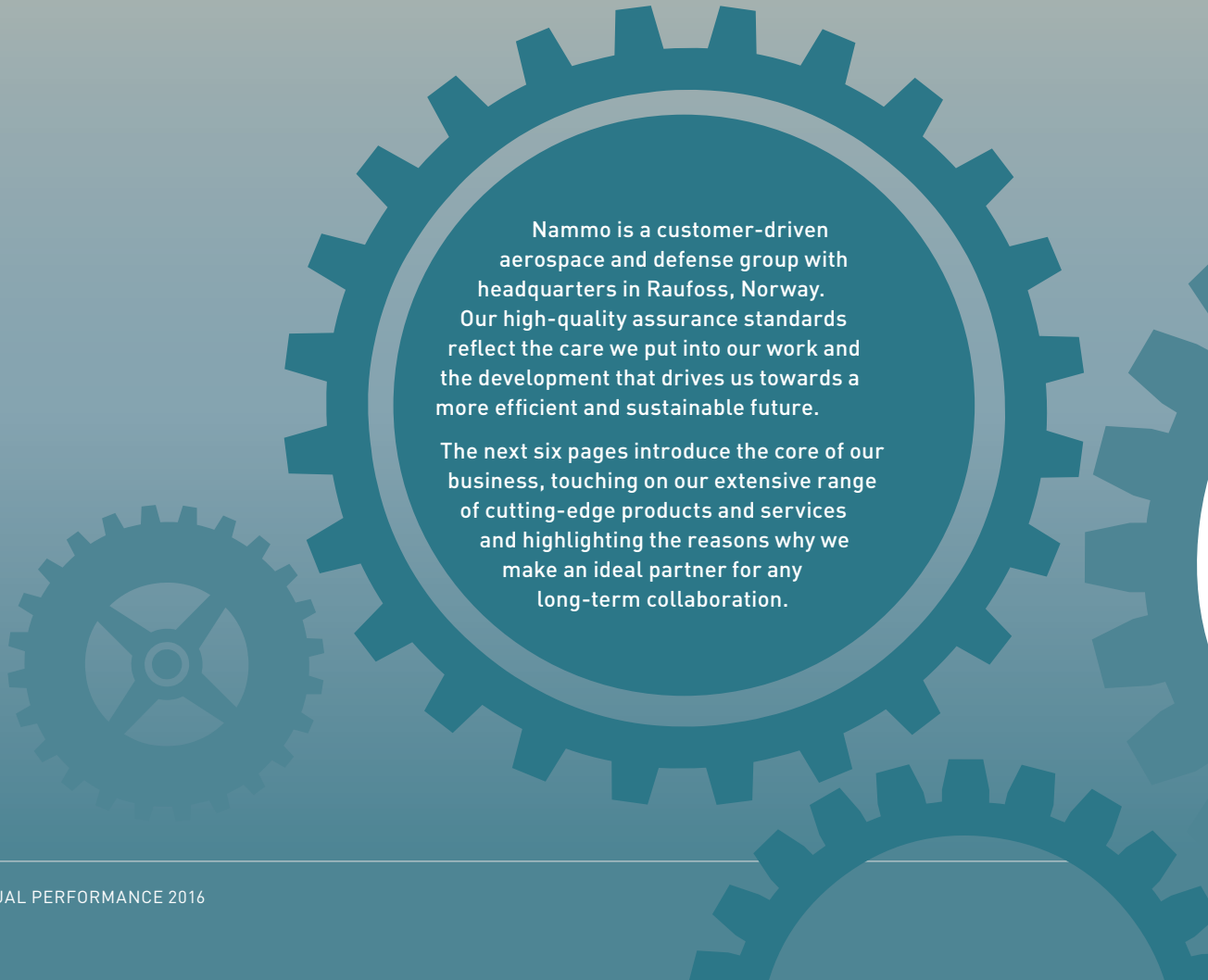
Nammo Raufoss apprentice, Tobias Alm, won the Norwegian WorldSkills championship in CNC turning and has qualified as a candidate for the World Championship 2017 in Abu Dhabi

# COMPANY ORGANIZATIONAL STRUCTURE





# THE CORE OF OUR BUSINESS



Nammo is a customer-driven aerospace and defense group with headquarters in Raufoss, Norway. Our high-quality assurance standards reflect the care we put into our work and the development that drives us towards a more efficient and sustainable future.

The next six pages introduce the core of our business, touching on our extensive range of cutting-edge products and services and highlighting the reasons why we make an ideal partner for any long-term collaboration.

### OUR INNOVATIVE HERITAGE

Founded in 1998, the Nammo Group is a technology-focused aerospace and defense company, specializing in high-performance commercial ammunition and military solutions. We are driven by precision engineering, a dedication to safeguarding the environment and the development of innovative, global solutions.

Nammo is owned by the Norwegian State, represented by the Norwegian Ministry of Trade, Industry and Fisheries, and the Finnish Defense and Aerospace Group, Patria Oyj, each with a 50 percent ownership. We supply national armed forces and defense and aerospace industries around the world with high quality defense products.

Over the years, our success in developing technologically pioneering products has made it possible for us to grow and strengthen our position and competitive advantage. As well as serving the defense and aerospace industries, we also supply the commercial market with a range of sports ammunition, sea safety and composite products.

Our innovative past has fueled our ever-developing organization, and will support our continued progression far into the future.



2 100

dedicated employees across  
12 countries worldwide



## YOUR GOALS IN SIGHT

NAMMO'S PRODUCTS AND SERVICES SUPPORT DEFENSE FORCES AND PEOPLE AROUND THE WORLD. OUR EXTENSIVE RANGE OF AMMUNITION HAS BEEN CAREFULLY TAILORED FOR EVERY SITUATION, TO ENSURE OUR PARTNERS ACHIEVE THEIR GOALS.

### MILITARY AMMUNITION

Nammo caters for every ammunition requirement, from small caliber bullets to large caliber ammunition used with fighting vehicles, tanks and artillery. Our development programs enable us to perfect ammunition for a range of different purposes, utilizing first-hand experience, passion and knowledge to meet our customer's targets and exceed their expectations.

Every bullet from our small and medium caliber range incorporates our extensive knowledge of projectile, fuze and cartridge technology. The small and medium caliber ammunitions, from 4.6 mm to 40 mm, cover a wide spectrum of requirements, including training and equipment for armed forces.

Our large caliber ammunitions are specially developed for tanks, mortar and artillery, as well as naval applications. The ammunition ranges from 57 mm to 155 mm both for training and military purposes, and is currently in service in a number of countries worldwide.

Our wide range of ammunition products have the capacity to defeat light armor, technical vehicles, fortifications and bunkers.



Nammo's 155 mm extended range ammunition can reach  
**40 km**  
in only 115 seconds

## TRUSTED TO DELIVER

NAMMO'S TECHNOLOGY HAS A PROVEN TRACK-RECORD FOR SUCCESS, AND CONTINUES TO BE DEPENDED ON BY NATIONAL ARMED FORCES AND INTERNATIONAL INDUSTRIES.

### SHOULDER-FIRED SYSTEMS

The battlefield is changing and our shoulder-fired systems are designed to help forces prepare for the complex and varied requirements of modern warfare. The comprehensive range of systems caters for almost any target, providing the ultimate force to defeat the enemy and help protect forces in defensive conflict situations.

Since the Vietnam War, the combat-proven M72 has helped protect troops on the ground, and continues to do so today. With guaranteed high-performance, the lightweight single-use shoulder-fired system is able to penetrate light armor, as well as destroy structures and vehicles.

The Shoulder-launched Multipurpose Assault Weapon (SMAW) is a reusable munition that offers superb accuracy. It is powerful enough to stop tanks and other armored vehicles, and the three different rounds are each designed for a specific target.

For larger, more fortified structures, the disposable Bunker Defeat Munition (BDM) has the capacity to penetrate fortified positions, armored vehicles and other structures. The high explosive dual-purpose rocket has been designed for precise engagement with maximum impact, yet is easily transportable for a single soldier.

### ROCKET MOTORS AND ACTUATORS

Nammo's world-leading rocket technology is revolutionary; from development and design to testing and production. Our main niche within tactical propulsion technologies is rocket motors for air-to-air missiles and air defense, boosters for naval missiles, as well as boosters and hybrid rocket motors for space applications. Some of our rocket motors include a lightweight and high performance Thrust Vector Control (TVC) system, developed from Nammo's in-house technology.

Our Propellant Actuated Devices (CAD/PADs) have been used in flight ejector seats since the 1960s. These life-saving devices are operational in helicopter ejector rack cartridges and are still used in Boeing, Bell and Sikorski military aircrafts to this day.

It's not just the military that has an invested interest in Nammo's rocket motor research. The European Space Agency (ESA) is currently working with Nammo and its revolutionary hybrid rocket technology, which is now being developed for next generation rockets for ESA's future space launches.

## MAKING THE WORLD A SAFER PLACE

NAMMO HAS THE EXPERIENCE AND KNOWLEDGE TO SAFELY DISPOSE OF OBSOLETE OR OUT OF DATE AMMUNITION, USING STATE-OF-THE ART, ENVIRONMENTALLY FRIENDLY METHODS.

For over 40 years, Nammo has helped governments remove munitions and recycle the materials where possible – even the energetics within products.

Nammo's in-house disposal equipment is used wherever possible; our specialized machinery automatically disassembles the explosives and other components within purpose-built safety cells, to ensure the safety of our operators. One of our sites contains a thermal disposal plant, to safely detonate any category of explosive in full compliance with strict emission-control laws and EU regulations.

Certain situations require even more controlled detonation methods, which is why we have established underground detonation chambers, located more than 900 m below ground.

Nammo has the knowledge, ability and facilities to disarm most ammunition in a safe environment and in accordance with international government regulations. We have nurtured long-term partnerships with suppliers such as waste management companies and logistic providers, ensuring we can offer a complete end-to-end solution for our customers.

Nammo's demil facilities include a detonation chamber located more than

# 900 m

below the ground.





## THE CHOICE OF CHAMPIONS

NAMMO PRODUCES MANY TYPES OF COMMERCIAL PRODUCTS, INCLUDING SMALL CALIBER AMMUNITION USED BY OLYMPIC MEDALISTS.

From sport shooting ammunition to space rockets for the European Space program, Nammo's commercial products make up around 20 percent of the group's annual turnover.

Nammo's small caliber ammunition is used by world-champions and passionate hunting enthusiasts alike. Its reliable and consistent performance makes it the bullet of choice for precision shooters around the globe.

Our commercial product range includes rifle ammunition for hunting and sporting events, propellant powder for reloading and composite solutions for many different industries, such as offshore, maritime and commercial activities.

The ammunition powders produced at our Vihtavuori plant are the result of nearly 100 years' refinement, and we offer reloading powders for every type of gun and shooting style.

Our range of high-quality propellants offer a long shelf-life and reliable ballistic performance for civilian and military requirements.

## PARTNERING FOR SUCCESS

OUR EXPERTISE AND RANGE OF TESTING EQUIPMENT AT DIFFERENT LOCATIONS HAS MADE US A TRUSTED PRODUCTION AND TESTING PARTNER.

Our leading test facilities supply both the commercial market and defense industries.

We offer an array of production services, such as the creation of mechanical components and surface treatments. Nammo has experience in development and manufacturing different metals, plastics and other materials into products at the highest specification levels.

Our testing facilities are able to accommodate ammunition, rocket motors and other products, with advanced measuring capabilities. We can even offer non-destructive testing, which can be conducted both onsite and at a location specified by the customer. Nammo is authorized to ship and test explosives, and our certified engineers have the experience to conduct pyrotechnic testing.

Nammo's testing facilities offer advanced measuring capabilities for ammunition, rocket motors and other products, as well as non-destructive testing.

## SHAPING THE FUTURE

NAMMO WORKS TIRELESSLY TO EXCEED OUR PARTNERS' EXPECTATIONS, BY DEVELOPING THE LATEST AND MOST INNOVATIVE PRODUCTS ON THE MARKET.

Nammo's products are based on advanced technology, with high precision and performance at the core of our offerings. Many of our technologies focus around the users' requirements, such as armor-piercing bullets, extended and reduced-range ammunition and airburst and multipurpose technology. Nammo is also cooperating on lightweight solutions by developing plastic link to work with a plastic cartridge casing to achieve 82 percent weight reduction. Together with lightweight packaging this will reduce the weight, cost and environmental impact in the field.

Nammo's technological developments also extend to other areas of specialist equipment, such as infra-red/Dim Trace technology, invisible to the naked eye for stealth operations.

Since 2004, Nammo has been researching next-generation rocket propulsion, resulting in industry-changing developments. For example, the use of hybrid rocket propulsion and future innovations such as monopropellant thruster technology for space rockets



Please read more about our core business at: [nammo.com](http://nammo.com) or scan the QR code to get access to the Nammo Ammunition Handbook

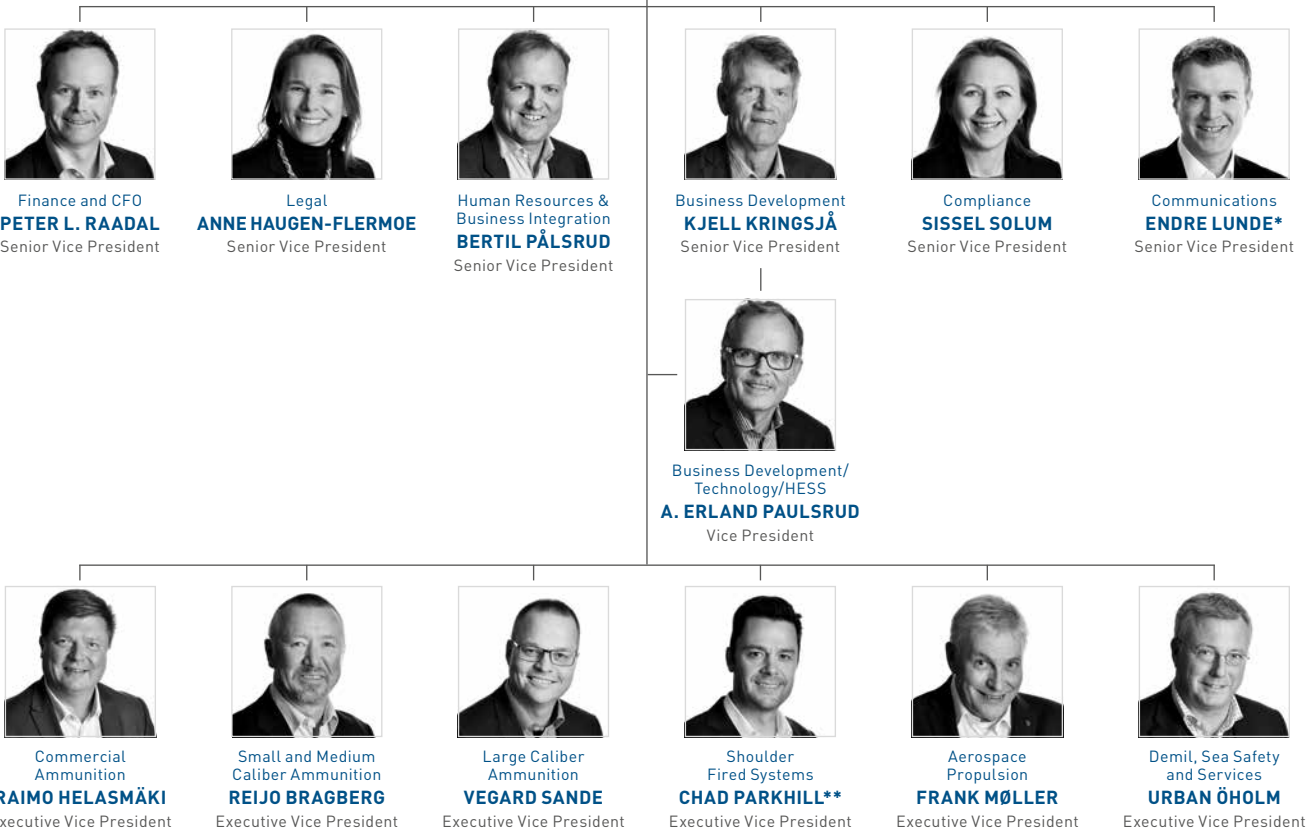


# INSIDE NAMMO

The organization operates through six business units: Commercial Ammunition, Small and Medium Caliber Ammunition, Large Caliber Ammunition, Shoulder Fired Systems, Aerospace Propulsion and Demil, Sea Safety and Services.



**MORTEN BRANDTZÆG**  
President and CEO



\* As of 1 March 2017 | \*\* President Nammo Talley Inc.



# 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 3 of which were women. In Germany, there are more female

applicants to new positions, but the percentage of women 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, safety and security**

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 3 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. This could be a risk and cause business interruption at production sites 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**

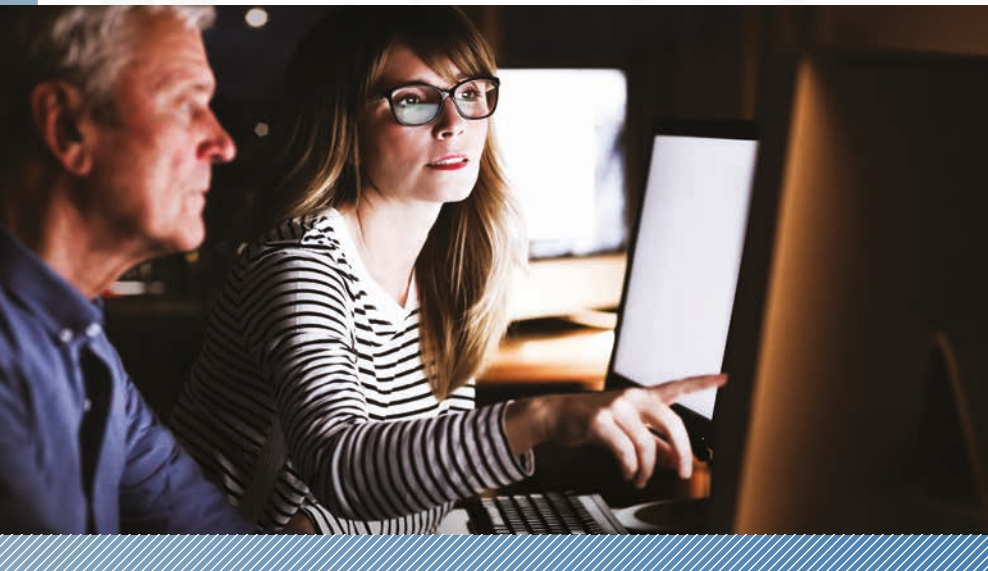
We intend to contribute to the development of local communities in which we operate, such as science projects for young people, humanitarian initiatives and various sport activities.

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 where we are located.

### **Sponsorship**

We continue our sponsorship of two Norwegian national sports teams: one within women's biathlon, and the other as 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 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.

## 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.

Read more about our corporate social responsibility at:  
[nammo.com/csr](http://nammo.com/csr)

Project management: Markhi AS. Design: Harleys Global Ltd

[www.nammo.com](http://www.nammo.com)

