



Code of Conduct and Ethics

1. Introduction

This Code of Conduct and Ethics (the "Code") has been resolved and adopted by the Board of DEFA Group ("DEFA") on the 18th of October 2011. The Code shall also be resolved and approved by the Board of Directors in each subsidiary company within DEFA.

The Code applies to all DEFA directors, officers, and employees, as well as to directors, officers, and employees of each subsidiary of DEFA. We expect our vendors, suppliers, contractors, and other Business Partners to commit and uphold the same high ethical standards that we follow ourselves.

DEFA is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of transactions and interactions. To this end, this Code serves to (1) emphasize the Company's commitment to ethics, social responsibility, and compliance with the law; (2) set forth basic standards of ethical, social responsibility and legal behavior; (3) provide reporting mechanisms for known or suspected ethical, social responsibility or legal violations; and (4) help prevent and detect wrongdoing.

Given the variety and complexity of ethical questions that may arise in DEFA's course of business, it will not be possible to describe all situations that might occur. When we apply the principles laid out in the Code of Business Conduct and Ethics, we will have a good guidance how to operate. Confronted with ethically ambiguous situations, the employees should remember DEFA's commitment to the highest ethical standards and seek advice from supervisors, managers, or other appropriate personnel to ensure that all actions they take on behalf of DEFA honor this commitment. **If in doubt, seek advice!**

The guidelines below shall help all DEFA employees to promote standards of practice, be a tool for self-evaluation and a vehicle for company identity. Compliance with these guidelines is the responsibility of every employee.

The Code is meant to help all DEFA's employees to conduct their work and behave in a way that corresponds to the way the international society directs, – directions DEFA as a company fully support.

Living up to these guidelines preserves the integrity of DEFA.

DEFA's policy requires its directors and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Directors and employees must practice fair dealing, honesty, and integrity in every aspect in dealing with other DEFA employees, the public, the business community, customers, suppliers, competitors, and government authorities. When acting on behalf of DEFA, directors and employees shall not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other unfair dealing practices. DEFA's policy prohibits

unlawful discrimination against employees, shareholders, directors, customers, and suppliers on account of ethnic or national origin, background, age, gender, or religion. Respect for the individual is the cornerstone of DEFA's policy. All persons shall be treated with dignity and respect, and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

No director or employee should be misguided by any sense of loyalty to DEFA or a desire for profitability that might cause him or her to disobey any applicable law or DEFA's policy. Violation of DEFA's policy will constitute grounds for disciplinary action, including, when appropriate, termination of employment, civil and/or criminal penalties.

2. Scope and definition of Code of Conduct and Ethics

DEFA has based its principles on the OECD guidelines for multinational enterprises, which give an extensive overview of rules to follow and the UN Convention on the Rights of the Child. In addition, we observe the ISO 26000 principles and core areas, ILO conventions and the UN sustainability goals.

Ethics regards the principles for what is accepted as right and wrong by an individual or a social group. We believe that ethics in professional life and corporate ethics must be directly linked to the ethics that set the standards for us as individuals and as a society.

Our values shall be reflected in our actions and are an important element in building our identity.

a) Laws and Regulations

DEFA shall and will always follow the law in the country in which it is operating. In some instances, the DEFA rules may be more comprehensive than the local law/rules, and if not in conflict with the law, the DEFA principles are valid.

b) Health, safety, and environment (HSE) / Work environment

DEFA has a set of guidelines based on the environmental standards according to ISO14001 and ISO 45001. These standards apply for all units worldwide. The same set of rules shall apply to DEFA's partners, e.g., suppliers.

c) Utilization of children labor

As described in the preamble, DEFA fully support the UN Convention on the Rights of the Child, stating that all children have the right to leisure and education, thus neither DEFA nor its partners shall exploit children as a labor force.

d) Bribery

DEFA shall not directly or indirectly offer, promise, give or receive bribes or other undue advantages in the purpose to obtain advantages in business that would not otherwise be achieved.

Bribery is damaging to democratic and economic development and thus impedes efforts to let countries prosper.

DEFA does not accept bribery whatsoever. Any bribe offered shall be refused and returned immediately and Line Manager shall be informed. All employees shall report any cases of this nature immediately as per section 4 below.

e) «Facilitating»

In some countries, it is usual to smoothen the process of document flow etc. by paying "a small fee/token". This is called "facilitating". DEFA does not accept this as a DEFA way of doing business. All employees shall report any cases of this nature immediately as per section 4 below.

f) Gifts

The difference between bribery, facilitating and a gift may be difficult to observe. Be cautious. DEFA has a policy regarding receiving and giving gifts as follows:

No gifts shall be given or accepted. Travel paid by others is not accepted. Gifts shall not be given or received as a condition of conducting business with a customer or to secure a supplier relationship with DEFA.

Any gift received shall be refused. Additionally, this shall be reported to CEO and the gift handed over to HR for further processing.

Token gifts, such as pens, memory sticks, chocolate, or other similar gifts, are accepted if this is within the normal local business behavior and as long as no service in return or preferential treatment is expected. If in doubt, please contact Line Manager or HR.

g) Discrimination

Illegal discrimination due to ethnicity or national origin, age, gender, religion, or other vulnerable groups is forbidden and should never occur. This applies to all DEFA employees, members of the board, customers, suppliers, and others. Respect for the individual is the cornerstone of DEFA's policy. All persons shall be treated with dignity and respect, and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

h) Harassment / Sexual Harassment

Harassment or sexual harassment of any kind is forbidden and should never occur. Any director or employee with leadership responsibility should show special caution when dealing with individuals.

"Harassment" means engaging in a course of inconvenient comment or conduct that is known or ought reasonably to be known as being unwelcome. It may include unwelcome, unwanted, humiliating, offensive or objectionable conduct that may have the effect of creating an intimidating, hostile or offensive work environment; interfering with an individual's work performance; adversely affecting an individual's employment relationship; and/or denying an individual dignity and respect. Harassment includes sexual harassment

and may result from a single incident or a series of incidents and may be directed at specific individuals or groups.

“Sexual Harassment” refers to any unsolicited conduct, comment, or physical contact of a sexual nature that is unwelcome by the recipient. It includes, but is not limited to, any unwelcome sexual advances (oral, written, or physical); requests for sexual favors, as well as sexual and sexist jokes; cat calls, embarrassing whistles, or similar sounds; unwelcome remarks, jokes, taunts, or suggestions about a person’s body; unwanted physical contact such as patting, touching, pinching or grabbing; displays of degrading, offensive or derogatory material such as graffiti, pictures or other images; and/or physical or sexual assault

i) Unfair Dealings

DEFA requires that all employees are truthful in their dealings with one another, our customers, and our supplier. DEFA employees shall not give the wrong picture to anyone through unfair dealings. DEFA employees shall never misuse confidential information, never manipulate others, never use threats, or behave in a manner in which they fear «being caught». When in doubt, always play safe and by the rules!

j) Pricing and taxes

DEFA's internal transfer prices are set according to the so-called “Arm’s Length Principle”. This means that DEFA operates its subsidiaries in principle as independent companies i.e., trade as if with a third party. This facilitates accounting and tax issues in the different entities.

k) Gross disloyalty

Employees may not engage themselves, with or without compensation, in activities outside DEFA that might conflict or appear to conflict with DEFA's interests, including employment/engagement with a competitor or influencing employees to leave DEFA. DEFA requires that all employees immediately disclose situations or transactions that reasonably would be expected to give rise to a conflict of interest.

3. Social Media Communication

Each individual employee is personally responsible for blog entries or participation in Internet discussions. Everyone in DEFA shall be especially careful in relation to entries and pictures in blogs and Internet discussions relating to DEFA, the operation of DEFA companies and/or products and/or colleagues. Even when a person makes a statement in a personal capacity, they are still to some extent representing the company for which they work.

Personal and confidential information shall not be published, and colleagues, customers, partners, and suppliers may not be quoted or referenced without their authorization. Endeavour to give the reader insight, knowledge, perspective, and information. Respect intellectual property and copyright-protected material.

4. Procedure for reporting (Whistle Blowing) and handling of non-conformities

As an integrated part of internal/external auditing, supplier assessment etc., DEFA shall on a regular basis check that all aspects of the above guidelines are followed. DEFA feels that our reputation is a priceless asset, in an effort to safeguard our commitment to Ethical treatment



and adherence to our Code of Conduct and Ethics; we have instituted the following procedure for reporting violations of the DEFA's Code of Conduct and Ethics.

This procedure shall be used to report possible violations of Company policy, fraud, or illegal acts within our organization.

The following are only a few examples of types of activities that should be reported:

- An employee believes that a manager, executive or employee has engaged in questionable accounting or auditing practices.
- A vendor or supplier offers an employee, and the employee accepts an inappropriate gift or money.
- A manager or executive requests employees to falsify Company data.
- An employee falsifies payroll or expense reimbursements.
- An employee uses corporate property, information, or his/her position for improper personal gain
- An employee competing with DEFA directly or indirectly.
- An employee's private interest interferes in any way with the interests of the Company.
- An employee, or members of his/her family, receives improper personal benefits as a result of his/her position at DEFA.
- An employee discloses non-public information that might be of use to competitors or harmful to DEFA.
- An employee is involved in theft of DEFA's property and assets.
- An employee disclosing of proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports.
- The Company cheats customers, suppliers or others who have a financial interest in it.
- Antitrust or competition law violations.
- A company superior asks employees to engage in activities they consider illegal or questionable.
- The offer or acceptance of cash gifts by any employee
- An employee steals cash, merchandise, or other Company assets.
- Environmental violations are committed by an employee or the Company.
- Any type of harassment, including racial or sexual harassment (the location procedure for resolution of this type of concern shall be utilized first for addressing these issues).
- Any other activity that may violate applicable law or the Company's policies.

It is the responsibility of all employees to report incidences which may be in breach of DEFA's Code of Conduct and Ethics immediately after they occur or are discovered.

- The report shall include the name of the employee making the report, the date and time of the report, and the nature of the incident/case.
- The report must be forwarded to the HR Department at DEFA headquarters.
- Each completed report will be investigated.

- Local resources may be used to conduct the investigation if deemed necessary. The decision regarding who will conduct the investigation will be based upon the nature of the violation reported and the resources available to conduct the investigation.
- The final results of the investigation/report will be completed within 60 days and reviewed by the CEO, and a copy of which will be kept on file in the HR Department
- Any violation of company policy that is found will be dealt with accordingly.
- Violation of these Guidelines is a serious matter, and as such will be dealt with accordingly.
- Disciplinary action will be given as deemed necessary up to and including termination of employment from DEFA, civil and/or criminal penalties or termination of supplier contract, etc.

Whistleblower Protection – DEFA takes the accusation of wrong-doing very seriously. Therefore, it is our policy that:

- No employee shall be discriminated against or retaliated against for making a claim in good faith of a violation of the DEFA Code of Conduct and Ethics.
- However, any employee who is found to have intentionally made a false claim of violation of the DEFA Code of Conduct and Ethics Values will receive disciplinary action as deemed necessary, up to and including termination of employment.
- We trust that all DEFA employees will make the right decision and report any violations of the Code to the appropriate personnel.

Contact list

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You may also contact group level directly:

- Chief Executive Officer: Bård Klungseth's mobile +47 930 37 858, baard.klungseth@defa.com

If you do not have confidence with your area contact, you may contact any other name listed or, you may contact the Board of Directors level:

- Chairman: Didrik Eidsvig's mobile +47 951 00 510, Didrik.eidsvig@defa.com

Appendix 1 – Anti-Bribery Policy & Reporting form receiving/providing gifts

Rules on Dealing with Government Officials, Suppliers and Customers

1. General rules

Purpose of this document

This document is a supplement to DEFA's Code of Conduct & Ethics and is intended to prevent the giving and receiving of bribes and related corrupt practices based on DEFA's Code of Conduct items 2d, 2e, 2f and 2i in particular.

It is expected that all employees of DEFA have the knowledge of and adheres to all principles in this.

Scope of application

The Rules herein apply to all Employees of DEFA, and stipulate rules on the provision and acceptance of cash, gifts, meals, entertainment, travel expenses, accommodation fees, related expenses, donations, and all other benefits, etc. when dealing with public employees, suppliers, and customers.

2. Definition

A Token gift is defined as a small gift, such as pens, memory stick, mouse pad, moon cakes, chocolate, or other similar goods. If in doubt, please contact Line Manager or HR.

DEFA Employees may receive or give a token gift or a meal, from a supplier only when all the conditions below are satisfied:

- a) does not go against the country's laws and regulations, conventional wisdom, or good public morals, and the gift, etc. and is given without any expectation of benefits in return
- b) is for a public conference, meeting, event, etc., corporate social responsibility or a charity event, or as part of a regional custom or celebration during such a period such as Chinese New Year, Christmas, etc.
- c) is not intended for the individual in charge, his/her spouse, family, other concerned people

3. No Acceptance of gifts, bribes, "facilitation" or other unfair dealings

3.1 No acceptance of cash, gift, meal, entertainment, travel expenses, or any other benefit from a supplier

DEFA Employees shall not, directly, or indirectly, receive or demand any cash, gift, meal, entertainment, travel expenses, gift coupon, precious metal, boxes of tobacco products or

any other benefit from a supplier. The Employee shall refuse the gift immediately and inform Line Manager.

3.2 No provision of cash, gift, meal, entertainment, travel expenses or other benefit to customers or public employees

DEFA Employees shall not, directly, or indirectly, provide or promise a customer with any cash, gift, meal, entertainment, travel expenses gift coupon, precious metal, boxes of tobacco products or any other benefit.

3.3 Special caution related to public employees

DEFA Employees shall not, either directly or indirectly, provide or promise any cash, gifts, meals, entertainment, or any other benefit to public employees, with regard to their official duties. This Rule also applies when dealing with public employees via an agent.

The following cases, which contain risks of bribe giving and bribe receiving and corrupt practices, require special caution:

- When obtaining a permit, license, certificate, etc. to start up a new office or factory
- When obtaining a visa to hire a foreign national
- When complying with customs procedures, e.g., importing/exporting machinery and equipment through customs procedures
- When hand-carrying a product (including a sample) and passing through customs
- When requesting a fire department or any other public institution to hold an evacuation or other training or a seminar
- When directed to pay a surcharge tax or a penalty during a tax inquiry or a factory inspection, etc.
- When directed to pay a penalty or a fine by an administrative authority or a court of law

4. Reporting Procedure

DEFA employees are to report any cases where cash, gifts, meals, entertainment, travel expenses, accommodation fees, related expenses, donations, and all other benefits are given to them. The report is to be given to HR, in the attached format, promptly after being offered or receiving the gift, etc. (max. within 24hours).

If the gift is received by post/delivery, it shall be reported and handed over to HR immediately with the reporting format attached.

If a token gift, a meal, or entertainment, is to be offered to a customer, supplier, agent, or public employees, this has to be approved in advance.

5. Disciplinary action against violation

DEFA Employees must sufficiently acknowledge that, if anyone violates Rule herein, DEFA will be subject to a large sum of penalty and other disciplinary actions, that expenses will be

incurred to investigate the violation, and that it will affect DEFA's reputation and business significantly, while any individual may be held criminally responsible for the violation.

If any of DEFA's Employees violates a Rule herein, DEFA will discipline the violator in accordance with Work Regulations and other internal rules and regulations. DEFA may also impose additional discipline to an Employee if:

- a) The Employee violated the Rules intentionally
- b) After violating the Rules by negligence, the Employee intentionally failed to submit a report on his/her violation in accordance with the Articles of the Rules herein
- c) Materially false information is contained in the declaration in any of the approval procedures
- d) A material adverse result to DEFA has emerged in the aspect or amount of benefit.

Notwithstanding the foregoing, if the DEFA Employee who committed the violation submits a report promptly, or actively cooperates with the investigation, DEFA may lighten the discipline as stated in the previous Clause based on leniency.

Reporting Form – Receiving or Providing gifts/meals

Date (DD.MM.YYYY)			
Employee	(department, name)	Reason	<input type="checkbox"/> receiving gifts <input type="checkbox"/> providing gifts

Planned date of the gift provision, or Date of receipt			
Type of benefit	- Gift (description): - Meal (breakfast/lunch/dinner): - Other (please describe):		
Recipient(s) (company, department, and name) *Describe all the recipients.			
Provider(s) (company, department, and name) *For a meal describe all the persons			
Amount (in local currency)	Per Person: Total:		
Purpose and background information			
Whether you provided or received gift or a meal during the same year.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Time & Date / Details / Previous report no.	
Attachments (receipt, voucher, contract, etc.)			
Remark (Other relevant information)			