

Statement on remuneration (for Kongsberg Automotive's Management)

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the Board will present the following statement regarding remuneration of Kongsberg Automotive's Management to the 2017 Annual General Meeting.

The group should have Executives who are able at all times to secure shareholders' and other stakeholders' interests in the best possible manner. One element to achieve this is to offer each leader a competitive compensation package.

REMUNERATION GOVERNANCE

The Board has appointed a Compensation Committee that is headed by the Chair of the Board. The Compensation Committee monitors decisions on matters regarding remuneration and terms for executives.

The CEO's remuneration package, and any adjustments thereof, are first reviewed by the Compensation Committee and then approved by the Board. The Board of Directors considers annually the compensation of the CEO. The remuneration packages for the other executives, including adjustments of these, are agreed between the CEO and the respective manager.

PRINCIPLES FOR BASE SALARY

The fixed salary should reflect the individual's area of responsibility and performance over time. Kongsberg Automotive offers base salary levels which are competitive, but not market leading in the market in which we operate. Salaries are regularly benchmarked versus salary statistics provided by a global 3rd party human resource and related financial services consulting firm.

VARIABLE COMPENSATION AND INCENTIVE SCHEMES

Kongsberg Automotive's short-term incentive (STI):

The Annual Bonus Scheme (ABS) is a short term incentive with a timeframe of one year. The ABS is a worldwide incentive program designed to motivate and recognize eligible employees for the contributions they make towards meeting KA's financial and business targets. The objectives of the program are to (i) clearly communicate to KA employees both KA's targets and employees' individual targets, (ii) communicate to KA employees how bonus payment is linked to KA performance and individual performance, (iii) drive the KA organization's ability to meet or exceed KA's performance targets, and (iv) improve KA's ability to attract, retain and motivate employees.

Executives receive variable salaries based on EBIT performance, Awarded Programs and Restructuring Progress.

Target bonus for the CEO is 100% of gross base salary. Target bonus is also max bonus for the CEO. Average bonus last five years for the CEO is 30% of gross base salary.

The performance goals for the CEO and Group are proposed by the Chair of the Board and approved by the Board. Goals for the other senior executives are determined by the CEO and reviewed by the Compensation Committee.

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Kongsberg Automotive's long-term incentive (LTI):

The Board of Directors has established share option programmes for leading employees that have been approved by shareholders in the Annual General Meeting. It is the company's judgement that it is positive for long-term value creation in the group that leading employees hold shares and share options in Kongsberg Automotive.

The intention of this plan is to (i) attract and retain employees whose service is important to the Company's success, (ii) motivate such employees to achieve long-term goals of the Company, (iii) provide incentive compensation opportunities to such employees which are competitive with those of other companies, and (iv) encourage such employees to own common shares of the Parent Company and thereby share a common financial interest with the other shareholders of the Company.

The Board of Directors can offer share options to leading employees when shareholders have given authority to run options programmes:

- The exercise price of the options shall be the average trading price of the KOA share the first 10 days after presentation of the 2nd quarter results.
- 1/3 of options granted can be exercised at the earliest after 1, 2, and 3 years respectively. The exercise period shall typically be seven years.
- Any calendar year, each optionee's aggregated gross profit from exercise of options under all share option programs shall not exceed 3 years' gross base salary.
- To be granted options and to maintain options, the optionee must at any time hold a number of KOA shares at least equivalent to 10% of the number of options.
- If an optionee leaves the company, the non-vested options will forfeit. Outstanding options exercisable at the date of such termination shall be exercisable no later than the first exercise period thereafter.

PRINCIPLES FOR BENEFITS

In addition to fixed and variable salary, other benefits such as health insurance, newspaper, Internet and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package.

Principles for company car and car allowance vary in accordance with local conditions.

Pension:

Executives participate in the same pension plans as other employees within the unit in which they are employed.

SEVERANCE PAY

Name	Agreed period of notice	Severance pay, months base salary	Retirement agreement
Henning Eskild Jensen	6 months	12 months. The employee is not entitled to severance payment in the event he himself terminates the employment.	No agreement.

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At the year-end, no other Executives had any agreement for redundancy payment. The notice period for the rest of the management is 6 months.

