

MANDATE FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE OF KONGSBERG AUTOMOTIVE ASA

Approved by the Board of Directors of Kongsberg Automotive ASA on the 7th of November 2017.

1. OBJECTIVE

The Audit and Risk Management Committee (“Committee”) is a sub-committee of Kongsberg Automotive ASA’s (“Company”) Board of Directors (“Board”) and its objective is to act as a preparatory body in connection with the Board’s supervisory role in financial control and external audits and well as for broader risk management. The Committee is appointed by and shall report to the Board.

The Committee supports the Board in the administration and exercise of its responsibility for supervision in accordance with:

- a) The Norwegian Public Limited Companies Act, (*allmennaksjeloven*)
- b) The Norwegian Accounting Act, applicable accounting regulations and other legislation implementing directive 2006/43/EC (the “*Audit Directive*”), and
- c) The Norwegian Securities Exchange Act and applicable listing standards of the securities exchanges on which the Company’s securities are listed.

The primary function of the Committee is to assist the Board in exercising its oversight responsibility, with respect to:

- the quality, transparency and integrity of the Company’s financial statements and other related public disclosures;
- the Company’s financial reporting processes
- the Company’s internal controls and relevant processes;
- the Company’s risk assessment and risk management policies;
- reviewing and evaluating the qualification, independence and performance of the external auditors (“Auditor”);
- reviewing and evaluating the internal risk management process.

2. ORGANIZATION

The Board appoints up to three Committee members, from its own members and one of these as Committee chairperson. The Committee members are appointed for one-year periods.

The Committee shall comply with the independence regulations for each Committee member as defined by applicable law. Each member shall be unconnected to any

relations that could, in the opinion of the Board, interfere with the exercise of his or her independent judgement as a member of the Committee.

When appointing members to the Committee, the Board shall take into consideration whether the person concerned has the necessary knowledge of external financial reporting practices.

3. MEETINGS

The Committee shall meet in connection with the quarterly and annual financial reporting and otherwise as it considers necessary.

The Chief Financial Officer (“CFO”) of the Company, the VP Corporate Controller and the partner of the external auditor (“Partner”) shall be present at all the meetings unless otherwise requested. Other representatives from the Company will meet upon request from the Committee.

The CFO acts as the Committee Secretary and is responsible for producing and distributing minutes etc.

The CFO, and the Internal Control Manager are responsible for bringing to the Committee all known significant issues that fall within the scope and mandate of the Committee. The CFO is also responsible for distributing written materials for review by the Committee sufficiently in advance of each meeting. The Partner is responsible for bringing to the Committee all known significant issues that fall within the scope of the Auditor’s mandate.

The Internal Control Manager shall report at least quarterly to the Committee and is responsible for bringing significant issues to the Committee.

Minutes shall be kept from the Committee’s meetings and shall be signed by the present members. The minutes shall include time and place for the meeting, overview of participants, agenda for the meeting, summary of the topics which were discussed, in addition to significant questions which came up during the meeting regarding accounting principles and internal controls in relation to financial reporting and risk management. The approved minutes shall be distributed to all Board members.

The Audit Committee shall meet alone with the Chief Executive Officer (“CEO”), the CFO, the Auditor, and the Internal Control Manager at least once a year.

4. COMMITTEE TASKS

4.1 Oversight of the Company’s relationship with the external auditor (“Auditor”)

The Committee shall:

- Evaluate the qualifications, performance and independence of the external auditor

- Obtain from the Auditor written disclosure that they believe they are independent from the Company
- Obtain from the Auditor written disclosure of all relationships between the Auditor and the Company, including the nature of the services provided to the Company and the fees charged for each type of service provided
- Review the Auditor's risk assessment, audit plan and the performance of the Auditor.
- Support the Board in the process of proposing Auditor for election by the General Meeting
- Consider and propose to the Board the Auditor's remuneration for the audit of the Company

4.2 Oversight of Risk Management and Internal Risk Controls

- Review the Company's overall risk assessment process, risk analysis and risk mitigation plans
- Review the Internal Control plan, monitor activities and any output reports.
- Have the final say as to the staffing and compensation for the Internal Controls Manager. The Internal Control Manager has a dual reporting relationship to the Committee and to the CFO. This position reports to the Committee for its functional responsibilities. This position reports to the CFO who provides daily supervision and oversees the development of the internal audit plan.
- On an as needed basis, initiate external audits of the Company's Internal Audit and Control system
- On an as needed basis, initiate external reviews of the risk analysis and risk management practises and procedures.
- Conduct special investigations into matters within its scope of duties as, in its sole opinion, it considers necessary. The Board and CEO will be informed when the Committee intends to start such investigations.

4.3 Oversight of the Integrity of the Company's Financial Statements and Financial Reporting Process and Internal Controls

The Committee shall:

- Discuss management's policies with respect to risk assessment and risk management as they relate to financial reporting.
- Discuss with management and the external auditor (a) the Company's financial reporting practices and requirements, (b) the quality, adequacy and effectiveness of the Company's disclosure controls and procedures and (c) the effectiveness of Company's internal control system on external financial

reporting and, (d) the Company's risk management analysis, procedures and reporting.

- Discuss with management and the Auditor the annual audited financial statements and quarterly financial statements, including disclosures made in the Board's Report.
- Review with the Auditor 1) critical accounting policies and practices to be used by the Company and 2) alternative accounting treatments.
- Review the results of the annual audit carried out by the Auditor.
- Discuss with management and the Auditor significant financial reporting issues and judgment made in connection with the preparation of the Company's annual and quarterly financial statements.
- Be involved, as appropriate, in earnings press releases with financial reporting relevance prior to release.

4.4 Performance evaluation

The Committee shall conduct an annual performance evaluation of its activities.

5. AUTHORITY

The Committee shall have unrestricted access to Company personnel and documents as well as the power to retain outside legal counsel and other advisors at the Company's expense. All employees are required to cooperate fully with the Committee and to disclose all information that the Committee or its appointed representatives require.

In the event the Committee's work requires access to Company personnel and records in addition to those who normally meet in the committee, such access shall be granted by the CEO and the Board Chair and management has the responsibility to ensure that full cooperation is granted by the organization. If the CEO or Board Chair may be under investigation, the Company's General Counsel shall ensure that such access is granted.

6. REPORTING

Minutes from the Committee meetings shall be distributed to the members of the Board at the subsequent meeting. Committee meetings where quarterly and annual financial reporting is discussed shall be coordinated with the Board meetings on these issues. The Committee may give an oral report from these meetings to the Board.

The Board may at any time require more detailed oral or written reports from the Committee.

7. LIMITATIONS ON THE COMMITTEE'S ROLE AND RESPONSIBILITY

The Committee members answer only to the Board in connection with the fulfilment of their tasks. The Board retains full responsibility for the Committee's tasks.

The Committee shall base its work on the assumption that the CFO, the Internal Control Manager, and the Auditors bring to the Committee's attention all issues that they, to the best of their knowledge and judgment, regard as important for the exercise of the Committee's responsibilities.

The CFO is responsible for preparing and presenting to the Board of Directors the Company's annual and quarterly financial statements. The Auditor is responsible for auditing and/or reviewing these financial statements. The CFO is responsible for the effectiveness and maintenance of the Company's internal control and risk assessment process.

While the Committee is entrusted with the tasks set out in this mandate, it is not the responsibility of the Committee to provide any expert or particular confirmation of the Company's financial statements or any professional certification of the external auditor's work.