

K N
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KMW* + *nEXTER
DEFENSE SYSTEMS

ETHICS CHARTER

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¹Public Officials include:

- Persons serving with, employed by or an agent of any agency or entity of the national, state or municipal governments of any country;
- Persons serving with, employed by or an agent of any political party or political campaign organisation;
- Political candidates;
- Persons serving with, employed by or an agent of any public international organisation (such as the NATO or the United Nations or the European Union);
- Employees of any government-owned or government-controlled commercial enterprise; and family members of any such persons identified above

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DEAR EMPLOYEES AND COLLEAGUES

At KNDS we take pride in uniting the best of French and German land defense systems companies into a Group that is a force to be reckoned with now and in the decades to come. Our strength is rooted in centuries of excellence both at Nexter and KMW. We are determined to combine these into a joint future based on integrity, respect, quality and the courage to stand up for our values and beliefs.

While business performance is key to our success, the integrity of our business conduct is essential. As we progress with the ongoing integration process within the KNDS Group, we hereby present to you the KNDS Ethics Charter. As you will read in the document, the Charter supplements the local laws and rules applicable within the company and country you are active in.

This KNDS Ethics Charter provides guidance on the ethics and values shared by all members of the KNDS Group and helps in situations where decisions need to be taken or conflicts must be avoided. We will ensure that everyone within the KNDS Group will be given the means to fully understand the values we hold to be vital in our daily work.

It takes every one of us to fulfill our commitment to integrity and ethics as outlined in this Ethics Charter. We, the Management Board of KNDS, ask you to read it and live it together with us.

Yours Sincerely,

Frank Haun
Stephane Mayer
Margaret Hill

1 CODE OF CONDUCT REGARDING EXTERNAL RELATIONS

1.1 ABIDANCE BY THE LAW

1.1.1 Complying with Laws and Regulations

The business of the Group must always be carried out in compliance with local laws and regulations, including those applicable to its industry, and with integrity and respect for ethical principles. It is the responsibility of each employee to know and understand the legal framework applicable to his or her activities.

1.1.2 Preventing Corruption and Bribery

The Group is committed to conducting business in an honest and ethical manner and complying with all applicable anti-bribery and anti-corruption laws and regulations in its worldwide operations.

The Group prohibits all bribery or corruption, whether made for the benefit

of, or received from, any third party, whether public or private. No employee is allowed to offer, promise or provide any pecuniary advantage or any other advantage to any person, whether private individuals or public officials¹, with a view to improperly obtaining or retaining business, rewarding a decision or securing any facility or favour that infringes regulations. Nor may they respond to solicitations with the same objective. This applies whether the improper advantage is made directly or indirectly, including by requesting assistance from a third party, such as a sales partner, a supplier, a contractor, a joint venture or a consortium partner.

The Group prohibits any so-called “kickbacks”. Kickbacks are a form of bribery where one party obtains an undue advantage, and a portion of the undue advantage is “kicked back” to the

individual who gave or will give the undue advantage. It differs from other forms of bribery in that it implies a form of collusion between the two parties.

The Group prohibits any facilitation payment given to government officials. Facilitation payments are used to facilitate mandatory administrative procedures and formalities normally carried out through the proper legal channels.

Each company belonging to the Group must record payments and other compensation in its corporate books, records and accounts in a timely manner and in reasonable detail, such in accordance with locally applicable rules and regulations. No undisclosed or unrecorded accounts may be established for any purpose. False, misleading, incomplete, inaccurate or artificial entries in the books and records are prohibited.

Personal funds may not be used to accomplish what is otherwise prohibited.

1.1.3 Respecting Competition and Anti-Trust Laws

Competition and anti-trust laws ensure that the free market system works properly and that competition among companies is fair. The Group is dedicated to competing fairly and complying with the applicable competition regulations at all times, regardless of location. No employee may exchange information or reach an agreement, neither written nor verbal or tacit, on customers, territories, prices or price components, terms and conditions etc. that contravene existing regulations and laws.

1.1.4 Money Laundering

Money laundering is a process in which the ownership, destination and origin of

illegally obtained money is concealed or disguised with the objective of making it appear to originate from a legitimate source. Money laundering is strictly prohibited by law. Employees are strictly forbidden from participating in or facilitating transactions of which the purpose is to disguise the origin of the funds. Employees are allowed to conduct only legitimate business activities and may not accept or handle cash or other assets that they have a reason to suspect are the proceeds of a crime.

1.1.5 Export Control

The Group respects and acts responsibly in accordance with local, national or international laws and regulations as well as established embargoes, boycotts or other trade restrictions on goods, services, software or technology. Employees involved in international trade must ensure that all activities

comply with the latest applicable regulations and seek guidance from experts. Failure to observe these laws and regulations could expose both the Group and the employees involved to severe sanctions, including prohibition of future exports.

1.1.6 Tax Compliance

The Group ensures that the tax rules applicable to its business in accordance with international conventions and national laws are respected in all countries where the Group operates. The Group therefore complies with its obligations with regard to taxes and customs and explicitly endorses compliance with national and international legislation.

1 CODE OF CONDUCT REGARDING EXTERNAL RELATIONS

1.2 THIRD PARTY RELATIONS

1.2.1 Treating Partners Fairly

All employees should respect the rights of, and deal fairly with, customers, partners and competitors. They are prohibited from taking unfair advantage of any person or organisation through manipulation, concealment, abuse of confidential information, misrepresentation of material facts or any other intentional unfair dealing practice.

1.2.2 Treating Suppliers Fairly

All suppliers are treated fairly. Purchasing decisions are based on objective criteria that include, among others, price, quality, performance, delivery periods, sustainable development with the aim of satisfying the requirements of the Group's customers.

All selected suppliers must be enterprises that operate their businesses in compliance with applicable laws and regulations.

1.2.3 Government Procurement

Contracts with government-owned or public entities require compliance with very high and complex standards. The Group complies with the laws and regulations that govern the acquisition of goods and services by governments in

all its operations, including specific regulations on competition and laws prohibiting attempts to influence government officials.

Where government contracts involve the possession, use of or access to classified or otherwise restricted information, it is essential that employees strictly follow the security procedures applicable to such information.

Care must be taken in respect of the hiring of former government employees or their family members. The hiring process must be carefully reviewed and approved by the Human Resources Department in consultation with the Compliance Department of the relevant Group company.

1.2.4 Working with Sales Partners

Sales partners are third parties providing sales and marketing services in a defined territory relating to specific company activities, who may act for or on behalf of KNDS or its subsidiaries, and who may be in contact with potential or existing customers or with any public or private authorities.

To prevent public and private corruption, the use of sales partners is strictly governed by internal procedures. This ethics charter will be made applicable to sales partners as referred to herein.

1.2.5 Gifts and Hospitality

Employees may only offer or receive gifts or advantages in conformity with local laws and in compliance with internal policies.

When offered, such gifts or advantages must be strictly limited to expressions of courtesy, and must not be made for the purpose of influencing behaviour or remunerating a service. Any gift or invitation offered in the context of a business relationship must not be presented under conditions that might be seen to be dubious. Such expenses are duly listed and entered into the financial accounts.

Employees must not accept gifts, travel, meals or other benefits from third parties that could affect their objectivity and professional judgement. Any gifts, hospitality or other benefits that the employee considers to be a bribe must be refused..

1.2.6 Political Contributions

Political contributions may only be made in strict conformity with the specific national legal framework that is applicable.

1.2.7 Charitable Contributions and Sponsorship

Charitable contributions are part of the Group's involvement in communities. Sponsorship is part of the marketing and communication strategy.

Employees of the Group may not make charitable donations or sponsorship whether in their own name or in the name of a company belonging to the Group to obtain or retain business or gain an improper business advantage. Any charitable contributions or sponsorships must be allowed under local law and companies' procedures and made to or for a bona fide organisation. Any known connection of a government official to any organisation receiving a proposed contribution must be identified.

1 CODE OF CONDUCT REGARDING EXTERNAL RELATIONS

1.3 CONDUCT

1.3.1 Conflicts of Interest

Employees must avoid finding themselves in a situation where direct or indirect extra-professional interests, in particular personal interests, are in conflict with those of the Group and influence or alter the independence or integrity of their professional conduct. Any employee who finds himself or herself in a conflict of interest situation must immediately inform his or her manager to determine if the individual must excuse himself or herself from participation in the activities concerned, preserving the Group's interests.

1.3.2 Confidentiality and Duty of Discretion

Employees will comply with an obligation of discretion and confidentiality in relation to information, data or documents whether of a commercial, technical, strategic or financial nature that they become aware of in the context of their professional functions. Obligations with respect to such information continue beyond the term of employment. They must refrain from any behaviour or attitude that is likely to adversely affect the image or reputation of the Group.

1.3.3 Environment

The Group operates with continuous concern for respect for the environment. In accordance with sustainable development, the Group's commitment also includes compliance with current environmental rules and regulations and business standards, and improved environmental performance in areas such as waste management and prevention, soil and atmospheric pollution, and water and energy consumption.

2.1 Respect

The Group learns from and respects the cultures with which it interacts. The Group has an inclusive work environment that values the uniqueness and diversity of individual talents, experiences and ideas that help each employee to fully participate and contribute to the success of the Group.

2.2 Discrimination and Harassment

Within the framework of applicable national laws and regulations, the Group is committed to providing a business environment free of discrimination and harassment but with equal opportunities. It will not tolerate discrimination or harassment of any kind, including but not limited to that based on ethnic origin, religion, gender, age, disability, political beliefs, marital status or sexual orientation.

The Group supports the fundamental dignity of all business partners and employees and will not tolerate any sexual, coercive or exploitative behaviour (including language, gestures or physical contact).

2.3 Forced Labour and Child Labour

The Group adheres to the prohibition of any form of exploitation or slavery. It opposes the use of child labour, complies with all applicable laws and regulations related thereto and behaves in consistency with Convention 138 of the International Labour Organisation (Convention concerning Minimum Age for Admission to Employment).

2.4 Freedom of Association

The Group recognises the freedom of association of its employees and respects their rights to join a trade union or other worker organisation, in compliance with local and international laws and regulations and enterprise agreements. Any employee who carries out associative activities does so exclusively on a personal basis and must ensure that there is no confusion with his or her professional activities.

2.5 Health and Safety

It is the Group's policy to comply with all applicable safety laws and regulations. Employees will report to their local

health and safety officer any conditions they perceive to be unsafe, unhealthy or hazardous.

2.6 Data Protection and Privacy

The Group respects the privacy of its employees, business partners and customers, and acts in compliance with their legal and contractual obligations. No data will be collected, processed or disclosed for unlawful or unauthorised purposes.

2.7 Protection of Group Information

Each Group company or employee who holds classified information will comply with prescribed measures ensuring its protection.

Before disclosing confidential information to a third party, the disclosing employee or Group company must ensure that the communication or disclosure of such information is protected by a non-disclosure agreement and does not prejudice the interests of the Group.

2.8 Reliability

Employees must ensure the correctness of the information and documents, whether internal or external, that they are responsible for.

The Group is responsible for ensuring that the accounts and accounting statements sent to authorities, shareholders and other parties are genuine and comply with the applicable laws, regulations and standards so that lawful and complete information is presented.

2.8 Respect for Group Property and Assets

Employees contribute to the protection of Group property and assets, both tangible and intangible, and undertake to use them in conformity with their professional purpose.

Particular care must be taken in preventing any attempt at fraud, theft or misuse for personal purposes or for third parties.

Compliance with this ethics charter is the responsibility of all employees, both individually and collectively.

All employees, irrespective of the country that they work in, their hierarchical level or job function, must comply with this ethics charter. Any breach of the ethics charter will be dealt with in compliance with the applicable rules.

3.1 Reporting of Violations, Concerns and Complaints

An improper activity is any activity that is undertaken in the performance of official duties for the Group, whether or not that action is within the scope of an employee's prerogative, and that might negatively affect the Group and/or is in violation of any applicable law or regulation. This may include, but is not limited to, corruption, bribery, theft of property, fraudulent claims, fraud, coercion, malicious prosecution, misuse of property, wilful omission to perform a duty, or conduct otherwise involving gross misconduct, incompetence or a violation of the ethics charter or any policy and procedure in place.

No sanctions or retaliation may be taken against any employee who, in good faith, provides information on what the person considers to be a breach or risk of a breach of this ethics charter.

A person disclosing an allegation of (suspected) improper activities as referred to above is commonly referred to as a whistleblower. A whistleblower may be an employee of the Group, an applicant for employment, a vendor, a contractor or a member of the general

public. The whistleblower's role is solely as a reporting party and he or she may report improper activity to the local compliance officer. The local compliance officer will not disclose the identity of the whistleblower unless he or she obtains the whistleblower's permission to do so, or when this disclosure is required by law.

The Group takes potential violations very seriously and will fairly review each allegation. Actual violations of applicable laws or Group policy may lead to disciplinary actions, judicial actions or termination of a contractual relationship.

Any violation or allegation thereof will be reviewed by the local compliance officer or ethics correspondent and treated in accordance with the applicable rules.

The directors of the Group companies are responsible for implementation of the ethics charter and the education of employees in that respect. It is noted that the ethics charter also applies to directors of the Group companies. The purpose of this ethics charter is not to cover all circumstances or anticipate every situation that may arise. When encountering situations not specifically addressed by this ethics charter, one should maintain the highest ethical standards observed in the industry in which the Group operates.

In order to determine whether an ethical issue exists, the following questions offer a starting point:

- **Is this action lawful?**
- **Is this action compliant with the ethics charter, procedures, policies and corporate culture?**
- **Is it harmless to the Group or to me if this action becomes public?**
- **Would I want my actions to be published on the front page of a newspaper?**
- **Would I want someone to act the same way towards me?**

If the answer to any of these questions is "no", the action is in principal deemed not compliant with the ethics charter and, if relevant, is to be reported to the relevant compliance officer as referred to in chapter 3 of this ethics charter.

In the event of doubt over the conduct to adopt or in the event of a difficulty in the interpretation or application of this ethics charter or any other rule, one should consult the local compliance officer:

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ETHICS CHARTER KNDS.COM