

	GOVERNING POLICIES	Doc. no.	ADM03-02
	CODE OF CONDUCT	Rev. no.	03
		Originated:	02.10.2014
		Last rev. date:	24.10.2016
		Prep. by:	TSE
		Owner:	TSE
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3.2.0. CODE OF CONDUCT

The Board of Directors (the “Board”) of Knutsen NYK Offshore Tankers AS (KNOT) and KNOT Management AS (KM) has adopted this Code of Business Conduct and Ethics (this “Code”), which provides basic principles and guidelines to assist directors, managers and other employees (**employees in this code include temporary employees and consultants**) in complying with the legal and ethical requirements governing our business conduct. KM expects that all employees conduct their actions in accordance with applicable, relevant laws and regulations. Beyond that, we require all employees to respect safety and environmental concerns and be sensitive to the society at large. The code puts great emphasis on transparency, good ethical behaviour and compliance with competition regulations.

KM core values are credibility, innovation and care. These values shall reflect our performance of the work including our relation to each other, our customers, suppliers and society in general.

KM reserves the right to add to, modify and rescind this Code or any portion of it at any time. This Code governs in the event of any conflict or inconsistency between this Code and any other materials distributed by KM. If there are any differences between laws and policies in the Code, always comply with the most stringent standard.

You should read this Code carefully, ask questions to KNOT’s Compliance Officer, and promptly sign and return the certification attached as **Annex A**, acknowledging receipt of this Code to:

KNOT Management AS
Smedasundet 40
Postbox 2017
5504 Haugesund, Norway
Attention: KNOT Compliance Officer

KNOT’s Compliance Officer is responsible for ensuring that all of the KM’s directors, managers and other employees promptly sign and return the attached certification acknowledging receipt of this Code.

I. Statement of principles

A. Basic standards

KM’s fundamental policy is to conduct its business with honesty and integrity in accordance with the highest legal and ethical standards. KM and its directors, managers and other employees must comply with all applicable legal requirements for Norway and each other country in which KM conducts business. It is the personal responsibility of each director, manager and other employee to duly respect all restrictions imposed by those laws, rules and regulations, including those relating to accounting and auditing matters.

KM supports the international human rights as outlined by the UN declaration and conventions. No one shall in any way cause or contribute to the violation or evasion of human rights. KM places great importance on ensuring the compliance with employees’ basic human rights as outlined in the International Labour Organisation’s core conventions.

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B. Individual responsibility and compliance

This Code provides guidance for specific situations that may arise. However, each director, manager and other employee has the responsibility to exercise good judgment so as to act in a manner that will reflect favourably upon KM and the individual.

KM's director, manager and other employee must comply with the spirit as well as the letter of this Code. Directors, managers and other employees must not attempt to achieve indirectly, through the use of agents or other intermediaries, what is prohibited directly by this Code.

C. Vision

KM shall continue to strive to maintain its position as a leading business enterprise, nationally and internationally. It shall live up to its reputation within the shipping industry for high standards of operation and maintenance, and pioneering innovation.

KM shall act with a focus on effective use of resources yielding an acceptable rate of return on its investments through a flexible use of the organisation and the external network establishing a joint capability for innovative work methods and solutions.

Our customer relations shall be founded on a high standard of qualification with respect to employees and organisational structures, as well as the use of advanced technology, equipment and vessels.

Organisations, technology and operation shall continuously be monitored and developed by assessing new business areas and by performing more activities at a lower cost and with less risk to personnel, environment and material resources.

II. Implementation

A. Condition of employment

Each employee must become familiar with and agree to comply with this Code as a condition of such employee's employment. All directors, managers and other employees must be provided with a copy of this Code at the time their employment commences with KM. All managers are responsible both for ensuring that all employees under their supervision, regardless of level, are familiar with this Code and for promoting compliance with this Code.

B. Condition of director appointment/election

Each director must become familiar with and agree to comply with this Code. All directors must be provided with a copy of this Code at the time of their appointment or election to serve on the Board.

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C. Compliance certificate

The following persons must execute compliance certificates substantially in the form of **Annex A** to this Code:

- Directors, managers and other employees of KM in managerial positions;
- Employees who, in the ordinary conduct of their duties, have regular or significant contact with government(s) or any department, agency, instrumentality or employee thereof;
- Employees whose regular responsibilities include the selection of contractors for the provision of significant goods or services to KM;
- Employees whose regular responsibilities include the review, approval or payment of invoices for significant goods and services supplied to KM; and
- Any other employee who acts as a representative of the Company

As provided above, each manager and other employee must become familiar with and agree to comply with this Code as a condition of such person's employment. Therefore, each new employee must execute the Compliance Certificate upon employment. In addition, each newly elected director must execute the Compliance Certificate upon election or appointment to serve on the Board as set forth above.

KNOT's Compliance Officer is responsible for ensuring that all employees, managers, directors and representatives of KM execute and return the Compliance Certificate to KNOT's Compliance Officer.

D. Association with unaffiliated enterprises and individuals

KM's employees associated with enterprises not controlled by KM (including vendors, suppliers, contractors, lawyers and accountants) must be guided in their conduct by signing the Supplier Code of Conduct. KM and its employees may be accountable if an illegal payment is made by a third party/intermediary on behalf of the Company.

E. Interpretation questions

Directors, managers and other employees who have questions on how to proceed or interpret this Code should consult their line manager, KNOT's Compliance Officer or any other person(s) designated by the Board to supervise the application of this Code. In addition, please see **Annex B** for a listing of compliance procedures.

F. Violation of policy

Compliance with this Code is essential. Violations will result in disciplinary action, including dismissal of any employee where warranted. KM cannot pay fines imposed on individuals determined to be guilty of violating anti-corruption laws and regulations.

III. Conflicts of interest

A. General

A conflict of interest occurs when an individual's private interest interferes in any way with the interests of KM as a whole. This situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her work objectively and

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effectively. Conflicts of interest also arise when an employee, or a member of such person's family or household, receives improper personal benefits as a result of the employee's position with KM. A conflict of interest is deemed to exist whenever, as a result of the nature or responsibilities of the person's relationship with KM, an employee is in a position to further pursue any personal financial interest or the financial interest of any member of such person's family.

Employees are not permitted to engage in any business or conduct or enter into any agreement or arrangement that would give rise to actual or potential conflicts of interest. Employees should not permit themselves to be placed in a position that might give rise to the appearance that a conflict of interest has arisen.

While it is not possible to describe all circumstances where a conflict of interest involving an employee exists or may exist, the following situations may involve actual or potential conflicts of interest:

- An interest in, or position with, any supplier, customer or competitor of KM (except for an investment in publicly traded securities as described below).
- The acceptance of gifts or favours of more than nominal value by an employee (or a member of such person's immediate family) from an actual or prospective customer, supplier or competitor of KM or any governmental official or other employee. This does not preclude the acceptance of reasonable business entertainment (such as a lunch or dinner or events involving normal sales promotion, advertising or publicity).
- The disclosure or use of confidential information gained by reason of employment with KM (or, in the case of a director, election or appointment to the Board) for profit or advantage.
- Competition with KM in the acquisition or disposition of rights or property.

The following situations should not be considered conflicts of interest:

- Ownership of publicly traded securities of a supplier, customer or competitor of KM that do not confer upon the holder any ability to influence or direct the policies or management of the supplier, customer or competitor.
- A transaction with one of KM's banks, where the transaction is customary and conducted on standard commercially available terms (such as a home mortgage or bank loan).
- A transaction or relationship disclosed in accordance with this Code and determined by outside legal counsel not to be a prohibited conflict of interest.

These examples are given only to guide employees in making judgments about conflicts of interest. If any employee finds themselves in a situation where a conflict of interest exists or may exist, the employee should immediately report the matter as provided below.

B. Reporting conflicts of interest

Actual or potential conflicts of interest involving an employee, or a member of such person's immediate family, must be reported in writing by the affected person (or by others having knowledge of the existence of the actual or potential conflicts of interest) to the employee's line manager, who will consult with KNOT's Compliance Officer to determine

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whether a conflict of interest actually exists and to recommend measures to be taken to neutralize the adverse effect of the conflict of interest reported, if such measures are available or appropriate under the circumstances. This procedure will be applied so as to minimise its effect on the personal affairs of employees consistent with the protection of KM's interests. The matter may also be referred to the Board for its approval or rejection.

C. Duty, positions and ownership of external businesses

Engagements in external duties and positions are positive; however, their scope or type must not affect the working relationship with KM or come into conflict with KM's business interests. Board responsibilities, consultancy for or ownership of customers', suppliers', joint-venture partners' or competitors' businesses including duties and positions of a nature that can affect the working relationship with KM shall be expressly agreed in writing in advance by the employee's line manager.

IV. Record keeping

A. KM books and records

1. *Books and records.* KM requires honest and accurate recording and reporting of information in order to make responsible business decisions. As such, KM's books, records and accounts must accurately and fairly reflect KM's transactions in reasonable detail and in accordance with KM's accounting practices and policies. The following examples are given for purposes of illustration and are not intended to limit the generality of the foregoing in any way:
 - No false or deliberately inaccurate entries (such as overbilling or advance billing) are permitted for any reason. Discounts, rebates, credits and allowances do not constitute overbilling when lawfully granted. The reasons for the grant should generally be set forth in KM's records, including the party requesting the treatment.
 - No payment will be made with the intention or understanding that all or any part of it is to be used for any person other than that described by the documents supporting the payment.
 - No undisclosed or unrecorded assets or liabilities are permitted.
 - No false or misleading statements, written or oral, will be intentionally made to any internal accountant or auditor or KM's independent registered public accounting firm with respect to KM's financial statements or documents to be filed with the Brønnøysund Register Centre or other governmental authority.

2. *Internal accounting controls.* KM's President & CEO and Senior Vice President are responsible for implementing and maintaining a system of internal accounting controls sufficient to provide reasonable assurances that:
 - Transactions are executed in accordance with management's general or specific authorisation;
 - It is the responsibility of all employees to follow established procedures and guidelines for KM;

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- Transactions are recorded as necessary to (a) permit the preparation of financial statements in conformity with generally accepted accounting principles in Norway (NGAAP) or any other applicable criteria, and (b) maintain accountability for assets;
- Access to assets is permitted only in accordance with management's general or specific authorisation; and
- The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3. *Employee conduct.* No director, managers or other employee of KM is permitted to wilfully, directly or indirectly:

- Falsify, or cause to be falsified, any book, record or account of KM;
- Make, or cause to be made, any materially false or misleading statement or omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which the statements were made, not misleading to an accountant in connection with (a) any audit or examination of KM's financial statements or (b) the preparation or filing of any document or report required to be filed by KM with the Brønnøysund Register Centre or other governmental agency; or
- Take any action to fraudulently influence, coerce, manipulate or mislead KM's independent registered public accounting firm.

Directors, managers and other employees must exercise reasonable due diligence in order to avoid the events described above. If an employee believes that KM's books and records are not being maintained in accordance with these requirements, the employee should make a written report to the employee's line manager or with KNOT's Compliance Officer. The disclosure of information which relates to suspected wrongdoing, generally a breach of a legal, statutory or regulatory requirement, an internal policy or unethical, immoral behaviour).

B. Corruption and bribery

KM's policy is to conduct all of its business with integrity. KM takes a zero-tolerance approach to bribery and corruption and is committed to act professionally, fairly and in an honest and ethical manner in all of its business dealings and relationships wherever the KM operates or proposes to operate, and to implementing and enforcing effective systems to counter bribery and corruption. Prohibited payments, including offering or a bribe promise, are not limited to money (i.e. goods, entertainment or anything of value). KM will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it operates, including the Norwegian Penal Code of 2005, the UK Bribery Act 2010 and the United States Foreign Corrupt Practices Act of 1977, as amended and any other applicable laws, statutes, regulations or codes of other countries relating to anti-bribery or anti-corruption. Violation exists if KM or employees know or have reason to know of a prohibited payment, promise or offer that has been made. Penalties and fines under these laws can be severe.

V. Use of KM property and resources

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A. Protection and proper use of KM assets

The use of any KM funds or assets for any unlawful or improper purpose is prohibited. All employees should endeavour to protect KM's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on KM's profitability. Any suspected incident of fraud or theft should be reported immediately for investigation. KM equipment should not be used for non-business related purposes, though incidental personal use may be permitted (such as occasional use of KM's stationery, supplies, copying facilities or telephone when the cost to KM is insignificant).

The obligation of employees to protect KM's assets includes an obligation to protect KM's proprietary information. All data created in its systems remains the property of the company. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, databases, records, salary information and any unpublished financial data and reports. Unauthorised use or distribution of this information violates KM's policy, and it could also be illegal and result in civil or criminal penalties.

B. Questionable or improper payments and gifts

1. *Payments or gifts made.* No payments or gifts from KM's funds or assets will be made to or for the benefit for the purpose of improperly obtaining a desired government action or any sale, purchase, contract or other commercial benefit. This prohibition applies to direct or indirect payments made through third parties and employees and is also intended to prevent bribes, kickbacks or any other form of payoff. Customary gifts related to Christmas, anniversary and other special occasions are tolerated.

Nothing of value (for example, gifts or entertainment) may be provided to government personnel unless permitted by law and any applicable regulation.

2. *Payments or gifts received.* Directors, managers and other employees of KM will not accept payments or gifts of the kinds described in this Section V. Customary gifts related to Christmas, anniversary and other special occasions are tolerated.
3. *Entertainment.* Commercial business entertainment and transportation that is reasonable in nature, frequency and cost is permitted. Reasonable business entertainment or transportation includes, without limitation, a lunch, dinner or occasional athletic or cultural event; gifts of nominal value; entertainment at KM's facilities or other authorised facilities; or authorised and reasonable transportation in KM's vehicles. In addition, reasonable business entertainment covers traditional promotional events sponsored by KM.
4. *Proper documentation.* All arrangements with third parties (such as distributors or agents) should be evidenced or memorialised in a written contract, order or other document that describes the goods or services that are in fact to be performed or provided and should be for reasonable fees or costs.

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5. *Extension of credit by KM.* No director, manager or employee may seek or accept from KM credit, an extension of credit or the arrangement of an extension of credit in the form of a personal loan. Any personal loan existing at the time of adoption of this Code will not be materially modified, extended or renewed.

C. Business opportunities

Without the written consent of the Board, directors, managers and other employees are prohibited from taking for themselves an opportunity that is (1) a potential transaction or matter that may be an investment or other business opportunity or prospective economic or competitive advantage in which KM could reasonably have an interest or expectancy or (2) discovered through the use of KM property, information or position. In addition, directors, managers and other employees are prohibited from using KM property, information or position for personal gain and competing with KM directly or indirectly.

VI. Business and trade practices

A. Compliance with laws, rules and regulations

Obeying the law, both in letter and in spirit, is the foundation upon which KM's ethical standards are built. All directors, managers and other employees must respect and obey the laws of the cities, states and countries in which KM operates, as well as other foreign government anti-trust and similar laws. Although directors, managers and other employees are not expected to know every law that is applicable to KM, it is important that employees know enough to ask questions and seek advice from managers, lawyers or other appropriate personnel if they have any doubt regarding the legality of an action taken, or not taken, on behalf of KM.

B. Fair dealing

Directors, managers and other employees should endeavour to deal fairly with KM's customers, suppliers, competitors and employees. No director, manager or other employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice involving unfair dealing.

C. Confidentiality

Directors, managers and other employees will maintain the confidentiality of information entrusted to them by KM or its customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that, if disclosed, might be of use to competitors or harmful to KM or its customers. Confidential information also includes written material provided and information discussed at all meetings of the Board or any committee thereof and all information that is learned about KM's suppliers and customers that is not in the public domain. The obligation to preserve confidential information continues even after employment or agency with KM ends. Any documents, papers, records, or other tangible items that contain trade secrets or proprietary information are KM's property.

D. Protection of personal data

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Processing of personal data is governed by laws and regulations. KM shall ensure that all sensitive information is limited to what is required for operational purposes, relevant commercial activities and proper administration of human resources and is handled in line with legislation.

E. Health, safety and environmental policy

KM is committed to conducting its business in compliance with applicable health, safety and environmental laws, rules and regulations in a manner that has the highest regard for the health and safety of human life and the environment. Each employee has the responsibility for maintaining a healthy, safe and environmentally-friendly workplace by following health, safety and environmental laws, rules and regulations and reporting accidents, injuries and unsafe conditions.

Employees should report to work in a condition allowing them to perform their duties free from the influence of drugs, alcohol or other controlled substances. The use of illegal drugs in the workplace will not be tolerated.

Violence and threatening behaviour are not permitted.

F. Retention of documents and records

It is KM's policy to cooperate with all governmental investigative authorities. Each director, manager and other employee will retain any record, document or tangible object of KM that is known to be the subject of an investigation or litigation.

It is a violation of this Code for any director, manager or other employee to knowingly alter, destroy, mutilate, conceal, cover up, falsify or make a false entry in any record, document or tangible object with the intent to impede, obstruct or influence the investigation or in relation to or contemplation of any such matter or case.

G. External communication

Only certain designated employees may discuss KM with the news media, securities analysts and investors. All inquiries from regulatory authorities or government representatives should be referred to the responsible manager for the relevant KM business unit. Employees exposed to media contact when in the course of employment must not comment on rumours or speculation regarding KM's activities.

H. Marketing

The image presented by all personnel at all levels, has a key effect on the KNOT' relationship with the customer.

Communication with customer means listening to them and keeping them informed in a readily comprehensible way. Difficulties in communication or interactions with customers, including internal customers, shall be given prompt attention.

KM shall continuously assess customer satisfaction. These assessments shall seek positive as well as negative reactions and their likely effect on future business. In this regard it is important to internally evaluate all major office and ship vettings. Whenever a non-conformance is detected, action shall be taken to record, analyse and correct the non-conformance.

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Any customer feedback and actions taken during the non-conforming process shall be assessed and form the basis of the management review process as detailed in said Manual.

VII. Preparation and certification of 1934 Act Reports

A. Internal control report

KM's annual report will include a section on internal control over financial reporting in line with good practices as stated by the Norwegian Code of Practice for Corporate Governance, chapter 10. The internal control over financial reporting will be subject to annual audit.

B. Disclosure controls

It is KM's policy to promote full, fair, accurate, timely and understandable disclosure in reports and documents that KM files with, or submits to, the Brønnøysund Register Centre and other public communications made by KM.

VIII. Employment practices and work environment

A. Employee relations

KM core value of credibility, innovation and care shall be reflected in our behaviour internally with our customers, suppliers and society in general. All directors, managers and other employees, regardless of position, will do their best to work together to meet the following objectives:

- Respect each employee, worker and representative of customers, suppliers and contractors as an individual, showing courtesy and consideration and fostering personal dignity;
- Make a commitment to and demonstrate equal treatment of all employees, workers, customers, suppliers and contractors of KM without regard to race, colour, gender, religion, age, national origin, citizenship status, military service or reserve or veteran status, sexual orientation or disability;
- Provide a workplace free of harassment of any kind, including on the basis of race, colour, gender, religion, age, national origin, citizenship status, sexual orientation or disability;
- Provide and maintain a safe, healthy and orderly workplace; and
- Assure uniformly fair compensation and benefit practices that will attract, reward and retain quality employees.

The KM shall commit to the ethical and social principles set out in the standard: SA8000 Ethical Workplace Conditions.

In addition to the objectives set forth above, members of the management team and the respective policy owners where relevant, are expected to:

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- Use good judgment and exercise appropriate use of their influence and authority in their interactions with employees, customers, suppliers, contractors and partners of KM; and
- Keep other employees generally informed of KM's policies, plans and progress through regular communications.

B. Non-discrimination policy

KM does not accept any discrimination regard to race, colour, gender, religion, age, national origin, citizenship status, sexual orientation or disability.

C. Freedom of association

KM recognises and respects the right of employees to exercise their lawful rights of free association, including joining or electing not to join any association. KM expects its business partners to also adhere to these principles.

D. Disciplinary practices

KM will not condone any type of harassment, abuse or punishment, whether corporal, mental or physical, of an employee by a director, manager or other employee or any partner, customer or supplier of KM.

IX. IT activities and security

Confidential information shall mainly be limited to authorized employees. Passwords must be personalised and not shared. Authorized users are responsible for the security of their passwords and accounts in accordance with the Password Instruction. All PCs, laptops and workstations must be secured by locking the computer when it is unattended. All computers used by the employee that are connected to the company network must contain updated Antivirus software. Employees must use extreme caution when opening e-mail attachments received from unknown senders which may contain viruses, e-mail bombs, or Trojan horse code

A. System and network activity

All directors, managers and other employees who use the company IT system and network must ensure that certain activities are limited. The following activities are strictly prohibited:

- Violations of the rights of any person or company protected by copyright, trade secret, patent, intellectual property, or similar laws or regulations.
- Unauthorized copying of copyrighted material, and the installation of any copyrighted software for which the company or the end user does not have an active license is strictly prohibited.
- Introducing malicious programs into the network or server.
- Revealing your account password to others or allowing use of your account by others.
- Using a company computer to actively engage in procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws in the user's local jurisdiction.

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- Making fraudulent offers of products, items, or services originating from any company account.
- Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the employee is not an intended recipient or logging into a server or account that the employee is not expressly authorized to access.
- Executing any form of network monitoring which will intercept data not intended for the employee's computer.
- Circumventing user authentication or security of any computer, device, network or account.

B. Email and communication activity

The following activities are strictly prohibited:

- Sending unsolicited email messages, including "junk mail" or other advertising material to individuals who did not specifically request such material (email spam).
- Any form of harassment via email, telephone or messaging.
- Creating or forwarding "chain letters" or other "pyramid" schemes of any type.

C. Social networks and blogs

The use of social networks and blogging by employees, whether using company property and systems or personal computer systems, is subject to the terms and restrictions. Limited and occasional use of company systems to engage in social networks is acceptable, provided that it is done in a professional and responsible manner and does not interfere with an employee's regular work duties.

Employees are prohibited from revealing any company confidential or proprietary information, trade secrets or any other material when engaged in social networks.

Employees shall not engage in any activity that may harm or tarnish the image, reputation or goodwill of the company or any of its employees. Employees are prohibited from making any discriminatory, disparaging, defamatory or harassing comments when using social networks.

D. Company access to employee's data and email

Under certain conditions, KM and other authorized staff have the right to access any director, manager or employee's private data and email stored on company resources.

- When it is necessary to maintain daily operations or other legitimate interests of the company.
- When there is justified suspicion that the employee's use of company resources causes serious breach of this policy or other activities that may provide grounds for dismissal or termination of employment.

If access is required the employee will receive a notification when possible that include an explanation for why the access is required, and information about the employee's rights

X. Reporting violations

KM proactively promotes ethical behaviour.

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Directors, managers and other employees should report violations of applicable laws, rules and regulations, this Code or any other code, policy or procedure of KM to employee's line manager and to KNOT's Compliance Officer.

Directors, managers and other employees shall contact KM via post, telephone, e-mail or web:

KNOT Management AS
Compliance Officer
 Smedasundet 40
 Postbox 2017
 5504 Haugesund
 Norway

Telephone (direct): +47 52 86 58 09
 E-mail: compliance@knotgroup.com
 Web: KNOT intranet

Directors, managers and other employees are expected to cooperate in internal investigations of misconduct.

XI. Waivers of this Code

Because of the importance of the matters involved in this Code, any waiver of a provision of this Code will be granted only in limited circumstances and may be made only by the Board and will be promptly disclosed if and as required by law.

XII. Amendments to this Code

Any amendment to this Code will be approved by the Board. If an amendment to this Code is made, appropriate disclosure will be made within two business days after the amendment has been made in accordance with legal requirements.

XIII. Posting requirement

KM will post this Code on KNOT's intranet

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		Prep. by:	TSE
		Owner:	TSE
		Appr. by	BOD
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ANNEX A
CODE OF BUSINESS CONDUCT AND ETHICS
Compliance Certificate

I have read and understand the Code of Business Conduct and Ethics (the “Code”) of Knutsen NYK Offshore Tankers AS (“KNOT”) and KNOT Management AS (“KM”). I agree that I will comply with the policies and procedures set forth in the Code. I understand and agree that, if I am an employee of KM or one of its subsidiaries or other affiliates, my failure to comply in all respects with KM’s policies, including the Code, is a basis for termination for cause of my employment with KM and any subsidiary or other affiliate to which my employment now relates or may in the future relate.

In addition, I agree to promptly submit a written report to KNOT’s Compliance Officer describing any circumstances in which:

1. I have reasonable basis for belief that a violation of the Code by any person has occurred;
2. I have, or any member of my family has or may have engaged in any activity that violates the letter or the spirit of the Code;
3. I have, or any member of my family has or may have an interest that violates the letter or the spirit of the Code; and
4. I or any member of my family may be contemplating an activity or acquisition that could be in violation of the Code.

I am unaware of any violations or suspected violations of the Code by any employee except as described below or on the attached sheet of paper. (Please check the space provided below.)

No exceptions

To the best of my knowledge and belief, neither I nor any member of my family has any interest or affiliation or has engaged in any activity that might conflict with KM’s interest, except as described below or on the attached sheet of paper. (If no exceptions are noted, please check the space provided below.)

No exceptions

I am aware that this signed Certification will be filed with my personal records with KM.

Signature

Type or Print Name

Date

	GOVERNING POLICIES	Doc. no.	ADM03-02
	CODE OF CONDUCT	Rev. no.	03
		Originated:	02.10.2014
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ANNEX B
CODE OF BUSINESS CONDUCT AND ETHICS
COMPLIANCE PROCEDURES

KM core values are **credibility**, **innovation** and **care**. These values shall reflect our performance of the work including our relation to each other, our customers, suppliers and society in general.

Directors, managers and other employees must work together to ensure prompt and consistent action against violations of the Code. However, a director, manager or other employee may encounter a situation in which it is difficult to determine how to proceed while also complying with the Code. Since not every situation that will arise can be anticipated, it is important to have a way to approach a new question or problem. When considering these situations, a director, manager or other employee should:

1. Make sure to have all the facts. In order to reach the right solution, all relevant information must be known.
2. Consider what the task specifically asked to do is and whether it seems unethical or improper. This will enable the individual to focus on the specific question and the alternatives. If something seems unethical or improper, it probably is.
3. Understand the individual responsibility and role. In most situations, there is shared responsibility. Are other colleagues informed? It may help to get other individuals involved and discuss the problem.
4. Discuss the problem with a line manager or the KNOT Compliance Officer. In many cases, line managers and the KNOT Compliance Officer will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Employees should remember that it is the responsibility of line managers together with the KNOT Compliance Officer to help solve problems and ensure that KM complies with this Code.
5. Seek help from KNOT's Compliance Officer. In the rare case in which it may not be appropriate to discuss an issue with a line manager or a line manager is not available to answer a question, employees should discuss it locally with the KNOT Compliance Officer. If that is not appropriate or if a satisfactory resolution is not obtained, call or send concerns to KM's President & CEO.
6. Report ethical violations in confidence and without fear of retaliation. If the situation so requires, anonymity will be protected. KM does not permit retaliation of any kind for good faith reports of ethical violations.
7. Always ask first, act later. When unsure of what to do in any situation, the individual should seek guidance and ask questions before the action in question is taken.