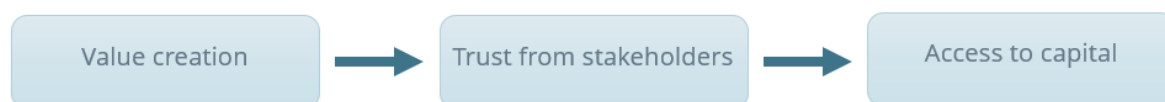


# CORPORATE GOVERNANCE POLICY

Adopted by the board of directors on 20 September 2020 effective from the first day of listing of the Company's shares on Merkur Market

## 1 GOVERNANCE REGIME

The Company considers good corporate governance to be a prerequisite for:



In order to secure sound and sustainable corporate governance, it is important that the Company ensures good and healthy business practices, reliable financial reporting and an environment of compliance with applicable legislation and regulations across the Group structure.

To secure good corporate governance, the Company has adopted a set of governance documents setting out principles for how its business should be conducted. The content of these documents apply to the entire Group, effectively from the first day of listing of the Company on Merkur Market and is intended to continue to apply once the Group seeks a subsequent listing on Oslo Børs.

## 2 LEGAL ENVIRONMENT FOR THE COMPANY

### 2.1 Key corporate details

#### Overview

Legal status	<ul style="list-style-type: none"><li>Norwegian private limited liability company.</li></ul>
Country of incorporation	<ul style="list-style-type: none"><li>Norway.</li></ul>
Regulated market place	<ul style="list-style-type: none"><li>Merkur Market.</li></ul>
Applicable legislation	<ul style="list-style-type: none"><li>The Norwegian Private Limited Liability Companies Act (the "<b>Private Companies Act</b>");</li><li>the Norwegian Accounting Act (the "<b>Accounting Act</b>"); and</li><li>other applicable legislation, Norwegian as well as foreign.</li></ul>
Applicable rules and recommendations	<ul style="list-style-type: none"><li>Oslo Børs' rules on continuing obligations for companies listed on Merkur Market (<i>Nw. løpende forpliktelser for selskaper tatt opp til handel på Merkur Market</i>), as amended (the "<b>Continuing Obligations</b>");</li><li>the Norwegian Code of Practice for Corporate Governance (<i>Nw. "Norsk anbefaling for eierstyring og selskapsledelse"</i>), as amended (the "<b>Code</b>"), as voluntarily adopted by the Company; and</li></ul>

- Competent supervisory authorities
- other applicable rules and recommendations, Norwegian as well as foreign.
  - The Norwegian Financial Supervisory Authority (*Nw. Finanstilsynet*) (the "**NFSA**"): The NFSA's remit is to promote financial stability and well-functioning markets through its supervision of institutions and markets. The NFSA examines the management and control procedures established by institutions and reviews their financial reporting and documentation.
  - Oslo Børs: Oslo Børs monitors market activity and issuers' compliance with the statutory requirements to which they are subject as a result of having a financial instrument admitted to trading on a trading venue. These requirements include issuers' obligations in relation to reporting, the disclosure of information, and the prohibition against market abuse. The monitoring activities are the primary responsibility of Oslo Børs' Market Surveillance Department.

## **2.2 Compliance and report on corporate governance**

In accordance with the Code and the Accounting Act, the Company will annually report on its compliance with corporate governance requirements and recommendations. The report will be included in the directors' report, which is included in the annual report or in a document referred to therein, and shall cover every section of the Code.

The Code is based on a "*comply or explain principle*", meaning that listed companies must comply with the Code or explain why they have chosen to deviate from the recommendations set out in the Code. While the Company will be traded on Merkur Market and as such not be listed and obliged to follow the Code, the Company has voluntarily chosen to do so. The Company will, going forward, provide justification for deviations from the Code (if any), which will be included in the directors' report.

Furthermore, a description of the most important corporate governance principles of the Company shall be made available on the Company's website in accordance with the Company's "Investor Relations Policy". By publishing an overview of all aspects of the Company's corporate governance policy, shareholders, employees and other stakeholders are more equipped to evaluate the extent to which the Company follows principles of good corporate governance.

## **3 CORPORATE STRUCTURE**

The Company's corporate governance policy regulates the division of roles between the Company's shareholders, board of directors, executive management and committees, to the extent appointed. The corporate governance policy also provides the structure through which the objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined.

## **4 MAIN OBJECTIVES OF THE COMPANY'S CORPORATE GOVERNANCE POLICY**

The corporate governance principles set out herein are based on the Code and designed to establish a basis for good corporate governance and support the Company in achieving its core objectives. The manner in which the Company is governed is vital to its value creation over time and achievement of a sustainable profitability.

The Company believes that good corporate governance involves transparent and trustful cooperation between all parties involved with the Group and its business. This includes the Company's shareholders, board of directors and executive management team, employees, customers, suppliers, and other business partners, as well as public authorities and society at large.

The board of directors and executive management shall contribute to achieve the following core objectives when honoring the Company's corporate governance policy<sup>1</sup>:

- **Transparency.** Communication with the Company's shareholders, stakeholders and other interest groups shall be based on transparency and openness on issues relevant for the evaluation of the development and position of the Company.
- **Independence.** The relationship between the board of directors, executive management and shareholders shall be based on independence principles. Independence shall ensure that all decisions are made on an unbiased and neutral basis.
- **Equal treatment.** A fundamental objective for good corporate governance is equal treatment and equal rights for all of the Company's shareholders.
- **Control and management.** Sound control and corporate governance mechanisms shall contribute to predictability and reduce the level of risk for the Company's shareholders, stakeholders and other interest groups.

The development and improvement of the Company's corporate governance principles are ongoing and important focus areas of the board of directors, cf. the Company's "Instructions for the Board of Directors".

**5 BUSINESS OBJECTIVE**

The Company's operations shall comply with the business objective set forth in the Company's articles of association, which shall be stated in the Company's annual report together with other core objectives and strategies of the Group.

The board of directors has defined objectives, strategies and risk profiles for the Company's business activities as an effort to create value for its shareholders. These objectives, strategies and risk profiles shall be evaluated annually.

**6 EQUITY AND DIVIDENDS**

**6.1 Adequate capital and funding**

The board of directors is responsible for ensuring that the Company is adequately capitalized relative to the risk and scope of the Group's operations and that the capital requirements set forth in applicable laws and regulations are met.

The Company shall have an equity capital at a level appropriate to its objectives, strategy and risk profile. The board of directors shall continuously monitor the Company's capital situation. If the equity or liquidity is deemed less than adequate, the board of directors shall immediately take necessary steps, consider public disclosure in accordance with the insider trading regulations and call for a general

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<sup>1</sup> **Drafting note:** These objectives are only suggestions, and may be customized to the client's main objectives for good corporate governance. Other objectives may be added.

meeting within a reasonable time in order to report the Company's financial condition and the proposed measures to rectify the situation.

## **6.2 Dividend policy**

The Company shall, at all times, have a clear and predictable dividend policy. The dividend policy shall be established by the board of directors. The dividend policy forms the basis for the board of directors' proposals of dividend payments to the Company's annual general meeting.

The reasons for any proposal to grant the board of directors an authorization to approve distribution of dividends should be explained and the explanation should state to which extent the authorization is based on the Company's dividend policy. An authorization granted to the board of directors to approve distribution of dividends shall be limited in time and not be granted for a longer period than until the next annual general meeting.

## **6.3 Authorizations to the board of directors to increase the Company's share capital or to purchase treasury shares**

An authorization granted to the board of directors to (a) increase the Company's share capital or (b) to purchase treasury shares shall be restricted to defined purposes. If the board of directors proposes that the general meeting grants such authorizations, each authorization shall be assessed and resolved separately by the general meeting.

An authorization granted to the board of directors to (a) increase the Company's share capital or (b) to purchase treasury shares shall be limited in time, and shall in no event last longer than two years. The Code recommends that these board authorizations are limited in time to the next annual general meeting, such that any authorization granted is reassessed annually. The Company shall follow this recommendation.

No authorization granted to the board of directors can be used prior to being registered in the Norwegian Register of Business Enterprises (*Nw. Foretaksregisteret*) (the "**NRBE**").

# **7 EQUAL TREATMENT AND TRANSACTIONS WITH CLOSE ASSOCIATES**

## **7.1 Basic principles**

The Company has one class of shares. Each share in the Company carries one vote and all shares carry equal rights, including the right to participate in general meetings and the right to dividends.

All shareholders shall be treated on an equal basis, unless there is a just and factual cause for treating them differently.

## **7.2 Deviation from existing shareholders' pre-emption rights**

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in a share capital increase, shall be justified by the common interest of the Company and the shareholders.

Where the board of directors resolves to issue new shares and deviate from existing shareholders' pre-emptive rights pursuant to an authorization granted to the board of directors, the stock exchange announcement issued in connection with the share issue shall also include a justification for the deviation.

## **7.3 Transactions in treasury shares**

The Company's transactions in treasury shares shall be carried out through Oslo Børs' trading platform at the prevailing trading price or by making a public offer to all shareholders. If the Company's shares

suffer from weak liquidity, the board of directors shall take particular care even when making purchases and sales through the stock exchange, in order to ensure equal treatment of shareholders.

All transactions in treasury shares shall be publicly disclosed in a stock exchange announcement.

#### **7.4 Transactions with shareholders and other close associates**

Transactions between the Company and its shareholders, a shareholder's parent company, members of the board of directors, executive management or close associates to any such party that are deemed material under the Norwegian Private Limited Liability Companies Act, are subject to approval by the general meeting. Furthermore, the board of directors is required to arrange for an independent auditor valuation of the transaction.

Pursuant to the Code, independent third party valuations shall also be procured for (i) transactions with shareholders and other close associates that are deemed non-immaterial to either party involved (i.e. transactions that are below the materiality threshold set out in the Norwegian Private Limited Liability Companies Act, but still not deemed immaterial), and (ii) transactions between companies within the Group if any of the companies involved have minority shareholders. In such cases, the third party does not necessarily have to be an independent auditor.

All material transactions with shareholders and other close associates, as described in the first paragraph above, shall be publicly announced without delay after conclusion of the agreement. Furthermore, all transactions mentioned in this item **Error! Reference source not found.** (material or non-immaterial) shall be disclosed in the Company's annual report.

### **8 FREELY TRANSFERABLE SHARES**

The shares of the Company are freely transferable and there are no limitations on any party's ability to own or vote for shares in the Company.

### **9 GENERAL MEETINGS**

#### **9.1 General meetings**

##### *9.1.1 Exercising rights*

The board of directors shall ensure that the Company's shareholders can participate and exercise their voting rights in the Company's general meetings, and that the general meeting is an effective forum for shareholders and the board of directors. This shall, among other actions, be facilitated through the following actions or documents:

- the notice of the general meeting and any ancillary documents, the nomination committee's recommendation and background information on the resolutions to be considered at the general meeting (if any) shall be available on the Company's website **no later than [7] days prior to the date of the general meeting;**
- the resolutions and any ancillary documentation shall be sufficiently detailed and comprehensive, thereby **allowing shareholders to understand and make an opinion** on all matters to be considered at the general meeting;
- the deadlines for shareholders to register their attendance at the general meeting shall be set as close to the date of the general meeting as practically possible. The deadline may not expire before the earliest of **3 days before the date of the general meeting** or the number of days set out in the Company's articles of association;

- the board of directors and the chair of the general meeting shall ensure that **shareholders are able to vote separately** on each matter and each candidate nominated for election to the Company's board of directors, the nomination committee and other corporate bodies of the Company (if applicable);
- **the chair of the board of directors and the CEO shall be present at general meetings.** The Company should also ensure that other members of the board of directors are present at general meetings. The chair of the nomination committee should attend annual general meetings in order to present the committee's recommendations and answer any questions. The auditor shall be present at general meetings where matters of relevance are on the agenda; and
- an **independent person to chair the general meeting** shall be appointed.

#### 9.1.2 *Participation without being present*

Shareholders who are unable to attend the general meeting shall be given the opportunity to be represented by proxy and to vote by proxy. The board of directors shall in this respect, with regard to the notice of the general meeting:

- provide **information on the procedure** for attending by proxy;
- nominate a person who will be available to **vote on behalf of non-attending shareholders** as their proxy (normally being the chair of the board of directors); and
- prepare a proxy form, which shall, to the extent possible, be set up so that it is possible to vote to vote separately on each individual matter on the agenda and each candidate nominated for election.

## 10 **COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS**

The composition of the board of directors should ensure that the board of directors has the expertise, capacity and diversity needed to achieve the Company's goals, handle its main challenges and promote the common interests of all shareholders.

Each board member should have **sufficient time available** to devote to his or her appointment as a board member. The number of board members should be decided on this basis, but the board of directors must in any event consist of **minimum three board members**. The members of the board of directors shall be willing and able to work as a team, thereby enabling the board of directors to work efficiently as a **collegiate body**.

The board of directors shall be composed so that it can act independently of any special interests. A majority of the members of the board of directors shall be independent of the executive management and the Company's material business connections. Further, at least two board members shall be independent of the Company's major shareholder(s). A shareholder is considered to be a major shareholder if it owns or controls 10% or more of the Company's shares or votes, and the board members' independence from such shareholder(s) shall entail that there are no circumstances or relations that may reasonably be expected to influence an independent assessment of the member in question.

Neither the CEO, no any member of the Company's executive management, shall also be a member of the board of directors.

At least half of the members of the board of directors shall reside in Norway or another EEA country, unless the Norwegian Ministry of Finance (*Nw: Nærings- og fiskeridepartementet*) has granted the Company an exemption from this statutory residency requirement. The composition of the board of directors shall be in compliance with the gender representation requirements set out in section 6-11a of the Norwegian Private Limited Liability Companies Act and represent sufficient diversity of experience and expertise to help ensure that the board of directors is able to carry out its work in a satisfactory manner and in accordance with the Group's objectives.

All members of the board of directors, including whom shall be positioned as the chair, shall be elected by the Company's general meeting. The term of office for the respective board members shall not be longer than two years at a time. Members of the board of directors may be re-elected. The re-election of the members of the board of directors should be phased, to prevent that the entire board of directors is replaced at once.

The Company's annual report shall provide information on the expertise, experience and independence of the members of the board of directors, as well as information on their record of attendance at board meetings.

Members of the board of directors are encouraged to own shares in the Company as this may contribute to increased economic relations between the shareholders and the members of the board of directors. Consideration should be given in this respect, to arrange for members to invest part of their remuneration in shares in the Company at market price, cf. section 13 below. However, caution should be taken not to let this encourage a short-term approach, which is not in the best long-term interests of the Company and its shareholders.

## **11 THE WORK OF THE BOARD OF DIRECTORS**

### **11.1 General**

The board of directors shall produce an annual plan for its own work, with particular focus on objectives, strategy and implementation. The board of directors shall implement instructions for its own work and the work of the executive management, focusing on determining allocation of internal responsibilities and duties. The objectives, responsibilities and functions of the board of directors and the CEO shall be in compliance with rules and standards applicable to the Company, which are described in the Company's "Instructions for the Board of Directors".

### **11.2 Conflict of interests and disqualification**

Members of the board of directors and executive management cannot consider matters in which they have a special and prominent interest. Each board member shall ensure that the board of directors and executive management are aware of any material interests that they may have in matters to be considered by the board of directors, so that these can be considered on an unbiased and satisfactory manner.

### **11.3 Committees**

The board of directors is encouraged to appoint sub-committees as such may yield efficiency in the board of directors' work, as well as secure a more thorough and independent handling of matters under the responsibility of the board of directors. In accordance with Norwegian law, the members of the board of directors, as a collegial body, are jointly responsible for making decisions. This means that **no part of the decision making responsibility can be delegated to board committees**, thus making the role of appointed sub-committees only preparatory. The final decision lies with the board of directors, jointly.

If sub-committees are appointed, the board of directors shall issue specific instructions for their work. Furthermore, the sub-committees shall have the ability to utilize resources available in the Company or be able to seek advice and recommendations from sources outside of the Company. The board of directors shall provide details of the sub-committees in the Company's annual report.

#### **11.4 Annual evaluations**

The board of directors shall annually evaluate its performance and expertise for the previous year. This evaluation shall include the composition of the board of directors and the manner in which its members function, individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the nomination committee.

## **12 RISK MANAGEMENT AND INTERNAL CONTROL**

### **12.1 General**

The board of directors has the responsibility to ensure that the Company has sound and appropriate internal control and risk management systems in relation to the scope and nature of the Group's activities. By implementing effective internal control and risk management systems, the Company may be better protected against situations that could damage its reputation or financial standing. Effective and proper internal control and risk management are important factors when building and maintaining trust, to reach the Company's objectives, and ultimately create value for the Group and its shareholders.

By implementing an effective internal control systems, the Company is better suited to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as other forms of risk that may be material to the Company. The board of directors should be mindful of the correlation between the Company's internal control systems and effective risk management. The internal control system shall also address the organization and execution of the Company's financial reporting, as well as cover guidelines for how the Company integrates considerations related to its stakeholders into its value creation.

The Company shall comply with all laws and regulations that apply to its business activities.

### **12.2 Annual review and risk management in the annual report**

The board of directors shall annually review the Company's most important areas of risk exposure and the internal control arrangement in place for such areas. The review shall pay attention to any material shortcomings or weaknesses in the Company's internal control and how risks are being managed.

In the annual report, the board of directors shall describe the main features of the Company's internal control and risk management systems, as they are connected to the Company's financial reporting. This shall cover the control environment in the Company, risk assessment, control activities and information, communication and follow-up. The board of directors is obligated to ensure that it is updated on the Company's financial situation, and shall continually evaluate whether the Company's equity and liquidity are adequate in relation to the risk associated with the Company's activities, and take immediate action if the Company's equity or liquidity at any time is believed to be inadequate.

The Company's management shall focus on frequent and relevant reporting of both operational and financial matters to the board of directors. The purpose of such reporting is to ensure that the board of directors has sufficient information for their decision-making and is able to respond quickly to changing conditions.

Board meetings shall be held frequently, and management reports shall be provided to the board of directors as a minimum on a monthly basis. Financial performance shall be reported on a quarterly basis.



## **13 REMUNERATION OF THE BOARD OF DIRECTORS**

The remuneration of the board of directors is determined by the shareholders at the Company's annual general meeting based on the proposal from the nomination committee.

The remuneration of the board of directors shall reflect:

- the board of directors' **responsibility** and **expertise**;
- the **complexity** of the Company and its business; and
- the **time spent** and the **level of activity** performed in the board of directors and any board committee that members of the board of directors participate in.

The remuneration the board of directors shall not be linked to the Company's performance and share options shall not be granted. The remuneration to the board of directors shall be such that their independence is protected.

Members of the board of directors, or companies associated with a board member, shall not engage in specific assignments for the Company in addition to their appointment as members of the board of directors. If a board member nonetheless takes on any such assignment, the entire board of directors must be informed, and the fees shall be approved by the board of directors.

The annual report shall provide details of all elements of the remuneration and benefits of each member of the board of directors. This includes a specification of any consideration paid to members of the board of directors in addition to their ordinary board remuneration.

## **14 REMUNERATION OF EXECUTIVE MANAGEMENT**

The salary and remuneration of the CEO is determined by the board of directors in a board meeting. The salary and remuneration of the executive management is determined by the CEO.

Performance-related remuneration of the executive management shall be linked to value creation for shareholders or to the Company's profit over time. Such arrangements are meant to incentivize performance and shall be based on quantifiable factors the employee may influence, and then be rewarded accordingly. There should be a cap on performance-related remuneration.

## **15 INFORMATION AND COMMUNICATIONS**

### **15.1 General information**

The board of directors shall establish guidelines for its reporting of financial and other information based on transparency and taking into account the rules on good stock exchange practice and the general requirement of equal treatment in the securities market. The Company is obliged to continually provide its shareholders, Oslo Børs and the securities and financial market in general with timely and precise information about the Company and its operations. This information shall be published in accordance with Oslo Børs' information system. For more information, see the Company's "Communication Policy".

Relevant information will be given in the form of annual reports, half-year reports, [quarterly reports], press releases, notices to the stock exchange and through published investor presentations in accordance with what is deemed appropriate and required at any given time. Such information shall be published through Oslo Børs' information system and/or be published on the Company's website.

The Company shall clarify its long-term potential, including strategies, value drivers and risk factors. The Company shall maintain an open and proactive policy for investor relations, a website designed to

incorporate "sound practices", and shall give regular presentations in connection with annual and provisional results.

The Company shall publish an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports, public presentations and payment of dividends, if applicable. The information shall be available in English.

Unless there are applicable exemptions, and these are invoked, the Company shall promptly disclose all inside information. In any event, the Company will provide information about certain events, e.g. by the board of directors and the general meeting concerning dividends, amalgamations, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by the Company and related parties.

Separate guidelines have been drawn up for handling of inside information.

## **15.2 Information to shareholders**

In addition to the board of directors' dialogue with the Company's shareholders at the general meetings, the board of directors shall make suitable arrangements for shareholders to communicate with the Company at other times. This will enable the board of directors to develop an understanding of which matters regarding the Company that are of a particular concern or interest to its shareholders. Communication with the shareholders shall always be in compliance with the provisions of applicable laws and regulations and in accordance with the principle of equal treatment of shareholders.

Information to the Company's shareholders will be published on its website simultaneously with being sent to the shareholders.

A separate investor relation policy has been drawn up to assist the Company in building trust and awareness in the investor community by ensuring that investor relation activities are conducted in compliance with relevant rules, regulations and recommended practices, see the Company's "Investor Relations Policy".

## **16 TAKEOVERS**

### **16.1 General**

The board of directors shall have established the main principles for its actions in the event of a takeover offer.

In a takeover process, the board of directors and the executive management each have independent responsibilities to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The board of directors has a particular responsibility to ensure that the shareholders are given sufficient information and time to assess the offer.

### **16.2 Main principles for action in the event of a takeover offer**

In the event of a takeover process, the board of directors shall abide by the principles of the Code, and ensure that the following take place:

- the board of directors shall not seek to hinder or obstruct any takeover offer for the Company's operations or shares unless they have valid and particular reasons for doing so;

- the board of directors shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer unless this is approved by the general meeting following announcement of the bid;
- the board of directors shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the board of directors shall not enter into an agreement with any offeror that limits the Company's ability to arrange other offers for the Company's shares, unless it is self-evident that such an agreement is in the common interest of the Company and its shareholders;
- the board of directors and the executive management shall not invoke measures with the intention of protecting their own personal interests at the expense of the interests of shareholders; and
- the board of directors must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a takeover offer, the board of directors shall, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations set out in the Code. This includes obtaining a valuation from an independent expert. On this basis, the board of directors will make a recommendation as to whether or not the shareholders should accept the offer. The board of directors' statement on the offer shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the board of directors have excluded themselves from the statement.

A takeover process gives rise to a particular duty of care to disclose information, where openness is an important tool for the board of directors to ensure equal treatment of all shareholders. The board of directors shall strive to ensure that neither inside information about the Company nor any other information that must be assumed to be relevant for shareholders in a bidding process, remains unpublished. In this respect, agreements entered into between the Company and the offeror that are material to the market's evaluation of the offer should be publicly disclosed no later than at the same time as the announcement that the offer will be made is published.

There are no other written guidelines for procedures to be followed in the event of a takeover offer. The Company has not found it appropriate to draw up any explicit basic principles for the Company's conduct in the event of a takeover offer, other than the actions described above. The board of directors concurs with what is stated in the Code regarding this issue.

## **17 STATUTORY AUDITOR**

The Company's auditor shall annually present the main features of the plan for the audit of the Company to the board of directors.

The auditor shall participate in meeting(s) of the board of directors where any of the following topics are on the agenda: the annual accounts, accounting principles, assessment of any important accounting estimates and other matters of importance where there have been disagreement between the auditor and the Company's executive management.

The auditor shall at least once a year present to the board of directors a review of the Company's internal control procedures, including identification of weaknesses and proposals for improvement.

The board of directors shall specify the executive management's right to use the auditor for other purposes than auditing.

The board of directors shall report the remuneration paid to the auditor to the shareholders at the annual general meeting, including a break-down of the fee paid for audit work and fees paid for other specific assignments, if any.

The auditor shall attend the general meeting if the matters to be dealt with are of such nature that his or her presence is deemed necessary. The auditor is in any case entitled to participate in the general meeting.

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# THE DUTIES AND OBLIGATIONS OF THE CHIEF EXECUTIVE OFFICER TOWARDS THE BOARD OF DIRECTORS

*Adopted by the board of directors on 20 September 2020, effective from the first day of listing of the Company's shares on Merkur Market*

## **1 PREPARATIONS OF MATTERS TO BE CONSIDERED BY THE BOARD OF DIRECTORS**

The chief executive officer ("CEO") of Zaptec AS (the "**Company**") shall, in consultation with the chair of the board of directors, prepare and submit matters to be considered by the board of directors, in such a manner that all board members are provided with a satisfactory basis for deliberating and making the relevant decisions.

## **2 DUTY TO KEEP THE BOARD OF DIRECTORS INFORMED**

### **2.1 Monthly reports**

The chief executive officer shall each month prepare a periodical report to be sent to the board of directors, describing the activities, status and financial developments of the Company, unless there are circumstances suggesting that any information should be distributed earlier. Such reporting shall at least include:<sup>2</sup>

- (i) operational reporting in relation to budget, sales and capacities;
- (ii) profit and loss account and balance sheet, in particular compared to the budget;
- (iii) health, environment and safety issues;
- (iv) any reporting required pursuant to applicable legislation;
- (v) developments in terms of orders/sales;
- (vi) significant customer complaints and quality discrepancies; and
- (vii) other significant information with respect to the Company's business, such as for instance information concerning material disputes, termination of agreements of material importance to the Company, non-payments by or insolvency of important customers to the Company.

In addition, the chief executive officer shall provide a more detailed explanation in respect of specific matters if requested by the board of directors. Such explanation may also be requested by any individual board member.

### **2.2 Budget**

At the latest one month prior to the end of each fiscal year, and in any event at the latest one week prior to the relevant board meeting, the board of directors shall be provided a proposal for:

- (i) profit and loss budget for next fiscal year;
- (ii) liquidity budget for next fiscal year; and
- (iii) investment budget for next fiscal year, including framework for investment.

### **2.3 Annual accounts**

At the latest three months following the end of each fiscal year, however well in advance of the relevant board meeting, the board of directors shall be provided with a proposal for the annual accounts for the previous fiscal year.

## **3 THE RESPONSIBILITY OF THE CEO FOR IMPLEMENTATION OF BOARD RESOLUTIONS**

The chief executive officer shall be responsible for implementing the resolutions adopted by the board of directors, unless otherwise decided by the board of directors.

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<sup>2</sup> **Drafting note:** to be considered by the client and customized to the client's specific needs.

**4           LIABILITY FOR DAMAGES**

The board members and the chief executive officer are aware of the liability attaching to their respective offices, and that they may be obliged to indemnify the Company, its shareholders and/or third parties in respect of losses they have caused intentionally or negligently during the discharge of their duties.

**5           NEW BOARD MEMBERS OR CEOS**

New board members and chief executive officer shall be made aware of these rules and any other guidelines/procedures relevant to them.

**6           WAIVER AND AMENDMENT**

The board of directors may amend these rules. The board of directors may also decide to waive these rules in individual matters, provided that such waiver, and the reasons therefore, are recorded in the board minutes.

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