



AutoStore

## Corporate Governance Policy

### AutoStore Holdings Ltd

This collection of documents is adopted to secure, together with any other adopted corporate governance documents, that AutoStore Holdings Ltd. ("**AutoStore**" or the "**Company**" and, together with its subsidiaries, the "**Group**") complies with applicable regulations and recommendations relating to corporate governance (other than those recommendations, if any, the board of directors resolves that the Group shall not follow).

The policies and routines included herein are subject to the annual review by the board of directors of AutoStore.

Adopted by the board of directors on December 14<sup>th</sup> 2021

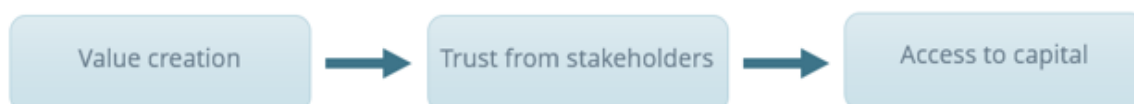
# CORPORATE GOVERNANCE POLICY

Adopted by the board of directors of the Company on December 14<sup>th</sup> 2021, effective immediately.

## 1 GOVERNANCE REGIME

AutoStore is incorporated as an exempted company limited by shares organized and existing under the laws of Bermuda pursuant to the Companies Act 1981 of Bermuda, as amended (the "**Bermuda Companies Act**"). The Company wishes to comply with the Norwegian legal framework applicable to non-Norwegian companies listed on Oslo Børs and endorses the Norwegian Code of Practice for Corporate Governance, as amended (Nw. *Norsk anbefaling for eierstyring og selskapsledelse*) (the "**Code**").

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 shall be conducted. The content of these documents apply to the entire Group, effectively from the first day of listing of the Company's shares on Oslo Børs, unless otherwise stated.

## 2 LEGAL ENVIRONMENT FOR THE COMPANY

### 2.1 Key corporate details

#### Overview

Legal status	<ul style="list-style-type: none"><li>Exempted company limited by shares incorporated under the laws of Bermuda.</li></ul>
Country of incorporation	<ul style="list-style-type: none"><li>Bermuda.</li></ul>
Regulated market place	<ul style="list-style-type: none"><li>Oslo Børs.</li></ul>
Applicable legislation	<ul style="list-style-type: none"><li>The Bermuda Companies Act;</li><li>The Norwegian Securities Trading Act (the "<b>Norwegian STA</b>");</li><li>The regulations to the Norwegian STA (the "<b>Securities Trading Regulations</b>");</li><li>Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), as implemented in Norway in accordance with section 3-1 of the Norwegian STA ("<b>MAR</b>");</li><li>Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended and as implemented in Norway in accordance with section 7-1 of the Norwegian STA (the "<b>EU Prospectus Regulation</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>Euronext Rule Book I – Harmonised rules ("<b>Rule Book I</b>");</li><li>Oslo Rule Book II – Issuer rules regarding non-harmonised rules for issuers listed on Oslo Børs ("<b>Rule Book II</b>" and, together with Rule Book I, the "<b>Rule Books</b>"), as interpreted or implemented by "notices" issued by Oslo Børs for the purpose of interpreting or implementing the rules set out in the Rule Books or any other purpose contemplated by the Rule Books;</li><li>The Code; and</li><li>Other applicable rules and recommendations, Norwegian as well as foreign.</li></ul>
Competent supervisory authorities	<ul style="list-style-type: none"><li>The Norwegian Financial Supervisory Authority (Nw. <i>Finanstilsynet</i>) (the "<b>NFSA</b>"): The NFSA's remit is to promote financial stability and well-functioning markets through its supervision of</li></ul>

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

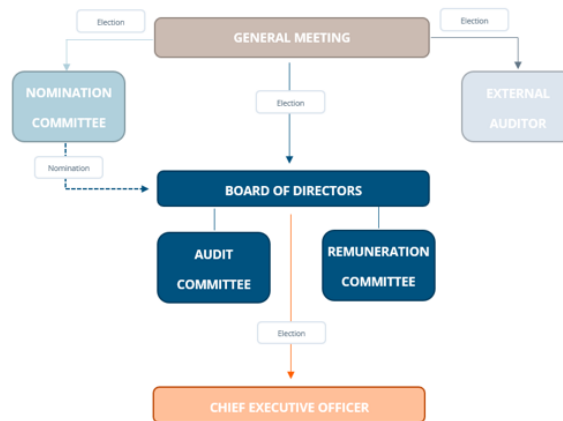
In accordance with the Code, Rule Book II and the Accounting Act, the Company will annually report on its compliance with corporate governance requirements and recommendations within the directors' report section of the Company's annual report or in a document referred to therein.

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. The Company will follow the Code, and a justification for deviations from the Code (if any) shall 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. 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. The Company's governance structure consists of:



## 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. Unless otherwise specified, these corporate governance principles apply to the Group. References to certain more specific policies are included in this corporate governance policy where relevant.

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 honouring the Company's corporate governance policy:

- **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.** Compliant control and corporate governance mechanisms shall contribute to ongoing risk assessment 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. See the Company's "Rules of Procedure for the Board of Directors".

Unless otherwise specified, this document defines "executive management" as the Chief Executive Officer & President (CEO), Chief Financial Officer (CFO), Chief Revenue Officer (CRO), Chief Product Officer (CPO), Chief Operating Officer (COO) and Chief People & Information Officer (CPIO), collectively.

## 5 BUSINESS OBJECTIVE

In accordance with common practice for Bermuda incorporated companies, the objectives of the Company are not specifically described in the Company's memorandum of association but are stated as being unrestricted. This is wider and more extensive than recommended by the Code and represents a deviation from section 2 of the Code.

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

## 6 EQUITY AND DIVIDENDS

### 6.1 Capital adequacy

The board of directors is responsible for ensuring that the Company is adequately capitalised relative to the risk and scope of operations and that the capital requirements set forth in 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 Group'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 on the basis of the Company's "Instructions for Handling Inside Information" and call for a general 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

Pursuant to the Company's Bye-laws, the board of directors has the power to declare dividends to the shareholders. The board of directors shall establish and publish a clear dividend policy. The payment of any dividends will depend on a number of factors, including the Company's financial condition, result of operations, capital requirements, contractual restrictions, general business conditions as well as restrictions on the payment of dividends under Bermuda law, along with other factors the board of directors may consider relevant.

The Company will consider dividend distributions in the future in the context of its medium term-leverage policy not to exceed two times the net debt divided by adjusted EBITDA and investment opportunities at hand.

In addition to legal requirements, the board of directors will, when deciding the annual dividend levels, take into consideration investment plans, capital expenditure plans, restrictions under the Group's debt facilities, financing requirements and maintaining the appropriate strategic flexibility.

### 6.3 Power to issue shares

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the board of directors may issue any authorised but unissued shares in the Company on such terms and conditions as it may determine, subject to the Bye-laws and any resolution of the shareholders of the Company to the contrary. Pursuant to Bermuda law and in accordance with common practice for Bermuda

incorporated companies, the powers of the board of directors to issue shares are neither limited to specific purposes nor to a specified period as recommended in the Code. This represents a deviation from section 3 of the Code.

#### **6.4 Power of the Company to purchase treasury shares**

The Company may purchase its own shares for cancellation or acquire them as treasury shares in accordance with the Bermuda Companies Act and on such terms as the board of directors shall think fit. The board of directors may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Bermuda Companies Act. Pursuant to Bermuda law and in accordance with common practice for Bermuda incorporated companies, the power of the board of directors to purchase treasury shares is neither limited to specific purposes nor to a specified period as recommended in the Code. This represents a deviation from section 3 of the Code.

#### **6.5 Power to alter share capital**

Pursuant to the Bye-laws and common practice for Bermuda incorporated companies, the Company may, if authorised by resolution of the board of directors, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter its share capital in any manner permitted by the Bermuda Companies Act.

Pursuant to the Bye-laws, any increase or reduction of the Company's share capital in any manner permitted by the Bermuda Companies Act requires a resolution by the Company's shareholders in general meeting or by written resolution.

### **7 EQUAL TREATMENT AND TRANSACTIONS WITH CLOSELY ASSOCIATED PERSONS**

#### **7.1 Basic principles**

The Company has only one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including 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.

As an exemption from the above, SoftBank and the THL shareholders of the Company have certain rights to appoint members to the Company's board of directors which is set out in the Company's Bye-laws. Pursuant to Company's the Bye-laws, the THL Shareholders and SoftBank will each have the right to appoint to the board of directors a number of board members up to three and down to one depending on their respective beneficial shareholding, provided that the THL Shareholders or SoftBank (as applicable) beneficially owns at least 10% of the Company's shares. If any of the THL Shareholders or SoftBank fall below any of the applicable ownership thresholds with the result that the number of board members the THL Shareholders or SoftBank, respectively, are entitled to appoint is decreased, the applicable shareholder shall cause a sufficient number of its appointed board members to resign. In the event that an appointed board member shall cease to serve for any reason, the THL Shareholders and/or SoftBank, as the case may be, shall be entitled to appoint such board member's successor, provided that its shareholding has not decreased below any of the relevant thresholds.

#### **7.2 Share issues without pre-emption rights for existing shareholders and transactions in treasury shares**

The board of directors' authority to alter the issued share capital and to purchase treasury shares means that the board of directors, subject to the below and within the scope of the Bermuda Companies Act, is free to decide how the alteration of share capital and purchase or sale of its own shares shall take place.

The board of directors will monitor the process of alteration of share capital and purchase or sale of treasury shares to ensure that the shareholders are treated on an equal basis, unless there is just cause for treating them differently.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the shareholders of the Company do not have pre-emption rights in share issues unless otherwise resolved by the Company. However, any decision to issue shares without pre-emption rights for existing shareholders shall be justified. Where the board of directors resolves to carry out a share issue without pre-emption rights for existing shareholders, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the share issue.

The Company's transactions in its own 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 own shares must be evaluated in relation to, inter alia, the following rules, requirements and prohibitions:
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- *the rules on duty of disclosure, see article 17 of MAR;*
- *the requirement for equal treatment of all shareholders, see section 5-14 of the Norwegian STA;*
- *the prohibition of use of inside information, see article 8 of MAR;*
- *the prohibition of market manipulation, see article 12 of MAR;*
- *the prohibition of unreasonable business methods, see section 3-7 of the Norwegian STA; and*
- *the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.*

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

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

Transactions between the Company and its shareholders and other close associates shall be carried out in compliance with the applicable laws and regulations set out in, *inter alia*, the Bye-laws, the Bermuda Companies Act and the Code.

All material transactions with shareholders and other close associates, as referred to in the first paragraph above, shall be publicly announced without delay after conclusion of the agreement. Furthermore, all transactions mentioned herein (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 as the shares are registered in the Norwegian Central Securities Depository (the "VPS") and listed on Oslo Børs, 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 meeting, 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 and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website within the prescribed period stated in the Company's Bye-laws;
- the resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the general meeting;
- the registration deadline, if any, for shareholders to participate at the general meeting shall be set as close to the date of the general meeting as practically possible and permissible under the provision in the Bye-laws;
- the board of directors and the person who chairs the general meeting shall ensure that the shareholders have the opportunity to vote separately on each individual matter, including on each candidate nominated for election to the board of directors and committees (if applicable); and
- the members of the board of directors and the leader of the nomination committee are recommended to be present at the general meeting.

Pursuant to common practice for Bermuda incorporated companies, the Company's Bye-laws stipulate that the chair of the board of directors shall chair the general meetings in which he/she is present unless otherwise resolved by the general meeting. In this respect, the Company deviates from section 6 of the Code. However, there shall be routines to ensure that an independent person is available to chair the general meeting or a particular agenda item in regards to any individual matters related to the chair of the board of directors, or in the absence of the chair of the board of directors.

### 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 regards 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 separately on each individual matter on the agenda and each candidates nominated for election.

The board of directors shall also consider whether to facilitate for electronic participation in general meetings, by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

## **10 NOMINATION COMMITTEE**

### **10.1 General**

The Company shall have a nomination committee, as stipulated in the Company's Bye-laws section 125. The shareholders at the Company's general meeting elect the chair and the members of the nomination committee and determines their remuneration. It is expected that the nomination committee will be established and its members be elected at the first annual general meeting of the Company in 2022.

The objectives, responsibilities and functions of the nomination committee shall be in compliance with rules and standards applicable to the Company, which are described in the Company's "Instructions for the Nomination Committee" to be adopted by the general meeting at the annual general meeting in 2022. The Company shall ensure that shareholders have information about the composition of the nomination committee and deadlines for submitting proposals to the nomination committee.

### **10.2 Composition**

The members of the nomination committee shall be appointed to take into account the interests of the shareholders in general. The majority of the nomination committee shall be independent from the board of directors and executive management. No more than one member of the nomination committee shall also be a member of the board of directors, and any such member should not offer him- or herself for re-election to the board of directors. Neither the CEO, nor any other member of the executive management, shall also be members of the nomination committee.

Rules for rotation of the nomination committee's members are set out in the Company's "Instructions for the Nomination Committee".

## **11 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. Furthermore, it is envisaged that a number of the members of the board of directors shall be based in Norway.

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. The number of directors serving on the board of directors shall be as set forth in the Company's Bye-laws. 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 Company's executive management and material business connections. Further, at least two board members shall be independent of the Company's major shareholder(s).<sup>1</sup> Neither the CEO, nor any member of the Group's executive management, may also be a member of the board of directors.

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<sup>1</sup> 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.

Subject to provisions to the contrary in the Bye-laws as described below, all members of the board of directors shall be elected by the shareholders at 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.

As described above, SoftBank and the THL shareholders of the Company have a right to appoint members to the Company's board of directors which is set out in the Company's Bye-laws. Pursuant to the Company's Bye-laws, the THL Shareholders and SoftBank will each have the right to appoint to the Board of Directors a number of board members as set out below:

- (i) for so long as such shareholder (together with their respective affiliates) beneficially own at least 30% of the issued shares of the Company, three (3) board members;
- (ii) for so long as such shareholder (together with their respective affiliates) beneficially own less than 30%, but greater than or equal to 20% of the issued shares of the Company, two (2) board members;
- (iii) for so long as such shareholder(s) (together with their respective affiliates) beneficially own less than 20% but greater than or equal to 10% of the issued shares of the Company, one (1) director; and
- (iv) thereafter, no directors.

If any of the THL Shareholders or SoftBank fall below any of the applicable ownership thresholds with the result that the number of board members the THL Shareholders or SoftBank, respectively, are entitled to appoint is decreased, the applicable shareholder shall cause a sufficient number of its appointed board members to resign. In the event that an appointed board member shall cease to serve for any reason, the THL Shareholders and/or SoftBank, as the case may be, shall be entitled to appoint such board member's successor, provided that its shareholding has not decreased below any of the relevant thresholds

The chair of the Board of Directors shall be appointed by the majority of the members of the Board of Directors from amongst the members of the Board of Directors. This represents a deviation from section 8 of the Code.

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. To that end, members of the board of directors are discouraged from entering into hedging transactions designed to limit the financial risk of owning shares in the Company.

## **12 THE WORK OF THE BOARD OF DIRECTORS**

### **12.1 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 "Rules of procedure for the board of directors of AutoStore".

### **12.2 Conflict of interests and disqualification**

Each member of the board of directors has a general duty to avoid situations in which he or she has or can have a direct or indirect interest that conflicts with, or may conflict with, the Company's interests. A member of the board of directors who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Bermuda Companies Act. Subject to the provisions of the Bermuda Companies Act and provided a board member has declared his or her interest in accordance with the Company's Bye-laws, unless disqualified to doing so by the chair or by a vote of the majority of the board members in attendance where such declaration is made, a board member may vote on and be counted in the quorum in relation to a resolution of the board of directors or of a committee of the board of directors concerning any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested and in which such a board member has an interest.

### **12.3 Committees**

#### **12.3.1 Overview**

The board of directors is encouraged to appoint 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.



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

#### **12.3.2**      *Audit committee*

The Company shall have an audit committee. The audit committee shall function as a preparatory and advisory committee of the board of directors in relation to, among other matters, the board of directors' monitoring of the Company's financial reporting and internal audit, systems for internal control and risk management and the work of the statutory auditor.

Pursuant to the Code, the entire board of directors should not function as the Company's audit committee. In addition, the Code recommends that the composition of the audit committee is such that the majority of its members are independent from the Company's business. The members of the audit committee are elected for a term of up to two years. The composition of the audit committee, as well as the objectives, responsibilities and functions of the audit committee shall be in compliance with rules and standards applicable to the Company, as described in the Company's "Instructions for the audit committee".

#### **12.3.3**      *Remuneration committee*

The board of directors shall have a remuneration committee. The objective of the subcommittee is to be the preparatory and advisory body for the Board's consideration of matters concerning remuneration and compensation of the organization as a whole and provide total compensation principles and strategies towards executive management. The main purpose of the remuneration committee is to ensure thorough and independent preparation of matters relating to overall compensation principles to the organization and to the Company's executive management. The committee reports to the Board of Directors of AutoStore. The members of the remuneration committee shall be independent of the Company's executive management. The members of the remuneration committee are elected by and among the members of the board of directors for a term of up to two years. The objectives, responsibilities and functions of the remuneration committee shall be in compliance with rules and standards applicable to the Company, as described in the Company's "Instructions for the Remuneration Committee".

### **12.4**          **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 functions, individually and as a group, in relation to the objectives set out for its work. The report, or relevant extracts therefrom, shall be made available to the nomination committee.

## **13**            **RISK MANAGEMENT AND INTERNAL CONTROL**

### **13.1**          **General**

The board of directors has a responsibility to ensure that the Company has sound and appropriate internal control systems in relation to the scope and nature of the Group's activities. By implementing effective internal control systems and risk management systems, the Group 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 to build and maintain trust, to reach the Company's objectives, and ultimately create value for the Group and its shareholders.

By implementing an effective internal control system, 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 organisation 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.

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

### **13.2**          **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 executive 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 as needed, and at least quarterly, 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, pursuant to the Company's financial calendar (published through NewsWeb and made available on the Company's investor website).

## **14 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 recommendation 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 the Group's business; and
- the time spent and the level of activity performed in the board of directors and any board committee the board members participate in.

Members of the board of directors, or companies associated with a board member, shall not engage in specific paid assignments for the Company in addition to their appointment as members of the board of directors, outside of activities connected to e.g. subcommittees. If a board member nonetheless takes on any such assignment, the entire board of directors must be informed, and the fees shall be pre-approved by the board of directors, provided that such director whose service is up for approval shall not participate in such approval process of 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/the board of directors in aggregate. This includes a specification of any consideration paid to members of the board of directors in addition to their ordinary board remuneration, include service on board committees.

## **15 REMUNERATION OF EXECUTIVE MANAGEMENT**

The Company's guidelines for determining remunerations to the executive management as set out in the "Instructions for the Remuneration Committee", should at all times support prevailing strategy and values in the Company. These guidelines shall be communicated at the annual general meeting and include the main principles for the Company's remuneration policy as well as contribute to align the interests of shareholders and executive management.

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 intended to incentivise Company performance and shall be based on quantifiable factors the executive management may influence, and then be rewarded accordingly.

The principles for salary, remuneration and benefits of the executive management are reviewed and approved by the remuneration committee. The board of directors shall produce an annual remuneration report for inclusion in the Company's annual report on how the salary and remuneration of the CEO is determined in addition to the remuneration strategy for the executive management, as well as provide an account of the Company's remuneration policy.

## **16 INFORMATION AND COMMUNICATIONS**

### **16.1 General information**

Based on the Code, the Company 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 general requirement of equal treatment in the securities market. The Company is obliged to continually provide its shareholders, Oslo Børs and the securities market and the financial market in general with timely and precise information about the Group and its operations. This information shall be published in accordance with Oslo Børs' applicable information system (NewsPoint).

Relevant information will be given in the form of annual reports, quarterly and half-year reports (as applicable), 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' applicable information system (NewsPoint) and/or be published at 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 compliance and corporate governance 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 calendar and information therein shall be available in English.

Subject to any applicable exemptions that are invoked, the Company shall promptly disclose all inside information (as defined in article 7 of MAR). In any event, the Company will provide information about certain events, e.g. by the board of directors and the general meeting concerning dividends, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans, all agreements of major importance that are entered into by the Company and closely associated persons and any changes to the auditor.

Separate guidelines have been drawn up for handling of inside information, see the Company's "Instructions for Handling of Inside Information", "Instructions for Primary Insiders and their closely associated persons" and "Routines for Secure Handling of Inside Information". The Company shall also have in place a policy on whom in the board of directors and/or executive management is entitled to publicly speak on behalf of the Company on various subjects. Further, the Company should have a contingency plan on how to respond to events of a particular character of interest to the media.

## **16.2 Information to shareholders**

In addition to the board of directors' dialogue with the Company's shareholders at the general meetings, the board of directors should 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 should always be in compliance with the provisions of applicable laws and regulations and in accordance with the principle of equal treatment of the Company's shareholders.

Information to the Company's shareholders will be published on its website simultaneously with being sent to the shareholders, or as soon as practicably possible thereafter.

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".

## **17 TAKEOVERS**

### **17.1 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.

### **17.2 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 executive management shall not invoke measures with the intention of protecting their own personal interests at the expense of the interests of shareholders;
- 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;
- the board the board of directors shall obtain a valuation from an independent expert and make a recommendation as to whether the shareholders should accept the offer; and
- 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.

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.

## **18 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 or the audit committee.

The auditor shall also provide the audit committee with the following:

- an annual written confirmation of its independence;
- information on services other than statutory audit provided to the Company during the course of the financial year; and
- inform about any threats to the auditor's independence, and provide evidentiary documentation of the measures implemented to combat such threats.

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

The auditor shall at least annually present to the board of directors or the audit committee a review of the Company's internal control procedures, including identification of weaknesses and proposals for improvement, if any.

The audit committee shall hold a meeting with the auditor at least annually in which no representative of the executive management is present. In order to strengthen the board of directors' work on financial reporting and internal control, the auditor shall provide a report to the audit committee on the main features of the audit in respect to the previous financial year, and especially mention any material weaknesses identified in the internal control relating to the financial reporting process, if any.

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 annual general meeting and any other special or extraordinary 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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