

## Corporate governance report

Techstep ASA's principles for good corporate governance establish the foundation for long-term value creation to the benefit of all stakeholders and society at large.

The principles should help inspire trust and confidence in the company, render decision-making more effective, and improve communication between management, the Board of Directors and the company's shareholders.

The principles cannot replace the ongoing work to maintain a healthy corporate culture throughout the company but should be considered in this context. Trust and confidence in Techstep are based on the existence of respect, responsibility and equality, both internally and externally.

### Implementation and reporting on corporate governance

Techstep is a Norwegian public limited company listed on the Euronext Oslo Børs and bases its corporate governance structure on Norwegian legislation and recommended guidelines.

The company observes the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board, which was most recently revised on 14 October 2021, and referred to in this document as "the Code of Practice." The Code of Practice is available on the website [www.nues.no](http://www.nues.no). Application of the Code of Practice is based on the "comply or explain" principle, which stipulates that any deviations from the code should be explained.

The principles and implementation of corporate governance are subject to annual reviews and discussions by the company's

Board of Directors. This report discusses Techstep's main corporate governance policies and practices and how Techstep has complied with the Code of Practice in the preceding year.

By the company's own assessment, Techstep did not have any deviations from the Code of Practice in 2021.

### Business

Techstep is positioning to become the leading European mobile technology enabler for customers that want to work smarter and more sustainably. The company's operations comply with the business objective set forth in its articles of association, section 3:

"The company's purpose is to engage in business operations within information and communication technology, and to develop and provide solutions and software related to the mobility, digitalisation and consultancy business and everything that belongs thereto, including owning shares and other securities in other companies."

The Board of Directors has defined clear goals and strategies for the company's business activities to create value for its shareholders and to ensure that its resources are utilised in an efficient and responsible manner. This has benefits for all its stakeholders. The board has further adopted policies setting the standard for ethical business conduct as well as responsible business practices with respect to people, environment and society. The company's objectives and strategy, which are reviewed on an annual basis, are described in the annual report for 2021, together with a report on the company's environmental, social and governance measures.

## Equity and dividends

As at 31 December 2021, Techstep's total equity was NOK 556 million and total liabilities amounted to NOK 759 million, which corresponds to an equity ratio of 42%, and a debt-to-equity ratio of 137%. The group's liquidity is closely monitored by management and the board of directors, and the group has access to multiple funding sources during the transformation process should the need arise going forward.

Techstep has not established a dividend policy beyond a consensus that the company's goal and strategy are to increase shareholder value and contribute to an attractive market for the company's shares. Techstep has not paid dividends to date and does not expect to pay a dividend in the coming years. Techstep's intention is to retain future earnings to finance operations and expansion of the business. Any future decision to pay a dividend will depend on the company's financial position, operating profit and capital requirements.

### *Board mandates*

Three authorisations were granted to the Board of Directors at the annual general meeting on 22 April 2021. Following the acquisition of Famoc S.A. and the appointment of a new CEO, it was considered necessary to replace two authorisations. As of the extraordinary meeting on 22 September, the board has the following authorisations:

- Authorisation to increase the share capital by up to NOK 35 million, by issuing up to 35 million shares with a par value of NOK 1 per share. The authorisation covers both cash and non-cash considerations, including mergers. As at 31 December 2021, the authorisation has not been used.
- Authorisation to acquire treasury shares, limited to 10% of the share capital as of 31

December 2020. As at 31 December 2021, the authorisation has not been used.

- Authorisation to increase the company's share capital by up to NOK 16 million, by issuing up to 16 million shares in Techstep, with a par value of NOK 1 per share, in connection with the company's incentive plan for its employees and directors. As at 31 December 2021, a total of 8,746,070 million share options have been granted to key employees under the existing authorisation.

All three authorisations are valid until Techstep's annual general meeting in 2022, and no later than 30 June 2022. There was a separate vote on each of the three authorisations. For supplementary information about the authorisations, reference is made to the minutes of the general meetings held on 22 April and 22 September 2021. These are available from [www.techstep.io](http://www.techstep.io) and [www.newsweb.no](http://www.newsweb.no).

## Equal treatment of shareholders and transactions with related parties

Techstep ASA has one class of shares. Treasury shares will be traded on the stock exchange or in accordance with guidelines from the Oslo Børs.

According to the Norwegian Public Companies Act, the company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may be set aside, either by the general meeting or by the board based on an authorisation to the board. In the event of a capital increase based on authorisation from the general meeting, where the pre-emption rights of shareholders are set aside, the company will provide the reasons for the practice in the stock exchange notice in which the capital increase is announced.

In 2021, Techstep issued consideration shares as settlement for the acquisition of Famoc S.A., where the pre-emption rights of the shareholders were set aside. The consideration shares were issued under the then, at the time, existing board authorisation to increase the share capital. For details, see the stock exchange releases dated 10 May and 1 July 2021, respectively.

Any transactions in treasury shares, i.e., a share buyback programme, will be carried out either through Oslo Børs or otherwise at stock exchange prevailing prices. If there is limited liquidity in the company's shares, the company will consider other ways to ensure equal treatment of all shareholders. There were no transactions in treasury shares during 2021.

For significant transactions with closely related parties, the company will use valuations and statements from an independent third party if the transaction is not to be considered by the general meeting. There were no such transactions in 2021. For further information, refer to "23 - Related party transactions" in the annual report for 2021.

### **Freely negotiable shares**

The company's shares are freely negotiable on the Oslo Børs. There are no restrictions on owning, trading or voting for shares in the articles of association.

### **General meetings**

The general meeting is the company's highest decision-making body. The general meeting is open to all shareholders, and Techstep encourages shareholders to participate and exercise their rights at the company's general meetings. In order to vote, the shareholder must be registered with the Norwegian Central Securities Depository (VPS) at the time of the general meeting.

Notices of general meetings shall be sent no later than 21 days prior to the date of the general meeting. According to the company's articles of association, there is no requirement to send the documents up for consideration by the general meeting directly to shareholders as long as the documents have been made available on the company's website. The same applies to documents that by law are required to be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that relevant documents concerning business to be transacted at the general meeting be sent to him or her. The registration deadline will be set as close to the meeting as possible, and all the necessary registration information will be provided in the notice.

Shareholders who are unable to attend may vote by proxy. Whenever possible, the company will prepare a proxy form that permits separate votes for each item up for consideration by the general meeting.

The Chairman of the Board normally chairs the general meeting. In the event of disagreements about individual items, where the Chairman belongs to one of the factions or is for other reasons not regarded as impartial, another chairperson will be appointed to ensure impartial treatment of the items up for consideration at the meeting.

On 22 June 2021, Techstep held its annual general meeting with 54.9% of the shares represented. In addition, an extraordinary general meeting was held on 22 September with 34.25% of the shares represented.

### **Nomination committee**

The nomination committee is governed by the articles of association section 6. The general meeting stipulates the guidelines for the duties of the committee and determines the

committees' remuneration. The current instructions were approved at the annual general meeting in 2018 and are available from the company's website.

The committee nominates candidates for the board and the nomination committee, as well as proposes the board's remuneration. Grounds for nominations by the nomination committee are provided when nominees are presented to the general meeting. All shareholders are entitled to nominate candidates to the board, and information on how to propose candidates can be found on the company's website.

The current nomination committee was elected at the extraordinary general meeting on 22 September 2021, and consists of two members, Kyrre Høydalen (Chair) and Jonatan Raknes. Both were elected for a term until the annual general meeting in 2023. Høydalen and Raknes represent two of the company's largest shareholders. Høydalen represents Datum AS, the company's largest shareholder, and is a colleague of board member Harald Arnet. Raknes, representing Middelborg Invest AS, is considered independent of the board and the executive management.

### **Board of Directors, composition and independence**

The Board of Directors shall consist of three to seven members as regulated in the articles of association section 5. The board and the chairman are elected by the general meeting for two years and may be re-elected. At the annual general meeting on 22 April 2021, Einar Greve and Torill Nag resigned from the board, and Melissa Mulholland was elected as new board member. Jens Rugseth, Ingrid Leisner and Anders Brandt were re-elected, while Harald Arnet was elected at the extraordinary general meeting on 22 September.

The composition of the board is based on representation of the company's shareholders, as well as the company's need for competence, experience, capacity and ability to form balanced decisions. Information on each director's expertise, background and capabilities can be found on the company's website [www.techstep.io](http://www.techstep.io).

All board members are regarded as independent in relation to the company's executive management and material business contacts. Three of the five board members are regarded as independent of the company's main shareholders. Board members are encouraged to hold shares in the company.

Name	Role	Independent of main shareholder	Attendance board meetings	Served since	Term expires	Shares in Techstep (direct/indirect) at 31.12.2021
Jens Rugseth	Chair	No	9 of 10	11.02.2019	AGM 2023	21 804 349
Ingrid Leisner	Board member	Yes	10 of 10	22.02.2016	AGM 2023	601 562
Melissa Mulholland	Board member	Yes*	10 of 10	22.04.2021	AGM 2023	0
Anders Brandt	Board member	Yes	10 of 10	26.04.2018	AGM 2023	1 802 801
Harald Arnet	Board member	No	3 of 3	22.09.2021	AGM 2023	0
Einar Greve	Board member	Yes	3 of 3		AGM 2021	n.a.
Torill Nag	Board member	Yes	3 of 3		AGM 2021	n.a.

\* Melissa Mulholland is the CEO of Crayon ASA, where Jens Rugseth is a large shareholder and member of the board

## The work of the Board of Directors

The Board of Directors is responsible for overseeing and supervising the company's management and operations. The duties and procedures of the Board is regulated by the Norwegian Public Limited Liability Companies Act. In addition, the board has adopted supplementary rules of procedure which provides further regulations on inter alia the duties of the board, the chairman and the CEO, as well as work, responsibilities, authorisations and reporting.

The board is responsible for determining the company's overall goals and strategic direction, principles, risk management, and financial reporting. The board is also responsible for ensuring that the company has a competent management with a clear internal distribution of responsibilities, as well as for continuously evaluating the performance of the CEO.

Techstep treats transactions with shareholders, board members, employees and other related parties with due care. To ensure that these transactions and situations are handled in the best possible manner, the board has set clear guidelines for handling agreements in which a board member, or a party related to a board member, may have interests. There were no such cases in 2021.

The Board of Directors meets as often as necessary to fulfil its duties, and at least six times each financial year. The Board of Directors held 10 board meetings in 2021 with 98 % meeting attendance.

The board conducts a self-assessment of its work periodically.

## Board committees

The Board of Directors has established three sub-committees to act as preparatory bodies for the board. Members are elected by and among the board.

The audit committee acts as a preparatory and advisory body to the board with respect to financial reporting and external audit, risk management and internal control system, corporate governance matters, and the appointment mandate and remuneration of the external auditor. As at 31 December 2021, the audit committee consisted of board members Ingrid Leisner and Melissa Mulholland\*, both considered as independent of the company.

The M&A committee assists the board with tasks related to screening and evaluating potential M&A candidates and approves investment analysis and term sheets of proposed deals. The M&A committee consists of the board members Jens Rugseth and Harald Arnet.

The remuneration committee assists the board with tasks related to the company's remuneration of executive management. As at 31 December 2021, the remuneration committee consisted of board members Jens Rugseth and Ingrid Leisner.

## **Risk management and internal control**

The board is responsible for ensuring that Techstep has good systems in place for risk management and internal control. The systems and procedures for risk management and internal control shall ensure efficient operations, timely and correct financial reporting, and compliance with relevant laws and regulations. The audit committee meets annually with the auditor, to review the company's internal control routines, including identified weaknesses and areas subject to improvements. The board may engage external expertise if necessary.

Techstep's financial accounts are prepared in accordance with IFRS, which aims to provide a true and fair overview of the company's assets,

financial obligations, financial position and operating profit. The board receives monthly management reports on developments and results related to strategy, finance, KPIs, projects, challenges and plans for upcoming periods. In addition, quarterly reports are prepared in accordance with the recommendations of Oslo Børs, which are reviewed by the audit committee prior approval by the board of directors and subsequent publication.

The board has adopted policies and procedures for inside information and disclosure of information, to ensure compliance with applicable rules and regulations.

Techstep's code of conduct and guidelines for ethical trade describe the main principles for ethical behaviour which apply to all employees and suppliers. The code of conduct includes guidance on how to report any concerns related to illegal or unethical conduct, including a third-party operated whistleblowing channel. During 2021/2022, Techstep is strengthening its governance, risk management and compliance framework, including policy and procedures for systematic risk management and internal control.

A summary of the company's main risks is presented in the Board of Directors' report and note 20 Financial risk management in the annual report for 2021.

## **Remuneration of the Board of Directors**

The remuneration of board members is stipulated annually by the annual general meeting based on the nomination committee's recommendation. The remuneration reflects the Board of Directors' responsibilities, competence, time involved, and the complexity of the business.

The remuneration of the board is not performance based and the company does not grant share options to any board members. Members of the audit committee are remunerated separately. The company does not provide loans to board members. Detailed information about the remuneration of the board can be found in note 28 Remuneration to the board and executive management to the accounts in the annual report for 2021.

### Remuneration of executive personnel

The main principle of Techstep's executive remuneration policy is that the remuneration should be competitive and motivate to attract and retain executives with the required competence to strengthen and ensure the business strategy, long-term interests, and sustainability of Techstep. The executive remuneration consists of a fixed salary and a variable part linked to the company's and the individual's achievement, and pension schemes. Performance-related remuneration is subject to an absolute limit of 50% of the fixed salary, and assessed on both financial, non-financial and operational criteria including sustainability and equality. The corporate objectives are set by the board and determined for and agreed with the CEO. In 2021, the share option programme for executive management and certain other employees was extended. The programme is linked to value creation to the benefit of shareholders over time. Techstep also has a share purchase programme where employees may purchase shares at a discount to the market price.

The executive remuneration guidelines have been presented to, and were adopted by, the extraordinary general meeting on 22 September 2021 (also see note 28 Remuneration to the board and executive management in the annual report for 2021 as

well as the remuneration report to be presented to the 2022 annual general meeting).

### Information and communications

Techstep seeks to comply with Euronext Oslo Børs' Investor Relations (IR) recommendation, last revised 1 March 2021.

The board has adopted an IR policy, which sets the basic principles for the company's communication and dialogue with capital markets participants, including roles and responsibilities. The policy is passed on the principles of equal treatment and transparency, to ensure that stakeholders receive factual, relevant, timely and comprehensive information. The policy is available on the company's website.

The responsibility for IR lies with the CEO and the chairman, supported by the IR team. The IR team focuses on the day-to-day communication and IR activities, while the chairman focuses on the shareholders' expectations related to the company's strategic direction and risk preparedness, as well as issues that require resolution by the general meeting.

Interim reports are provided on a quarterly basis, in line with Oslo Børs' recommendations. In connection with the interim reporting, presentations are given to the open public to provide an overview of the operational and financial developments, market outlook and the company's prospects. The presentations are made available on the company's website.

All information is primarily provided in English and is distributed to the company's shareholders through Oslo Børs' [www.newsweb.no](http://www.newsweb.no), and the company's website.

### Takeovers

The company's articles of association contain no defence mechanisms against takeover bids,



nor have other measures been implemented to specifically hinder the acquisition of shares in the company.

In the event of a takeover process, the board and the executive management shall ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. The board has a special responsibility to ensure that the shareholders have sufficient information and time to assess the offer.

In addition to complying with relevant legislation and regulations, the board will comply with the recommendations in the Code if the situation so permits. The board has established guiding principles for how it will act in the event of a takeover bid. The main principles include that the board shall not hinder or obstruct any takeover bid, give shareholders or others unreasonable advantages, or protect their personal interests at the expense of others, and that the board shall protect the shareholders' values and interests.

If deemed necessary, the board shall also ensure a valuation from an independent third-party. On this basis, the board will make a recommendation as to whether the shareholders should accept the bid.

## **Auditor**

BDO AS has been the Techstep's auditor since 2009. The auditor is considered independent of Techstep, and the board receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied. The audit committee performs an annual evaluation of the auditor's independence.

The auditor prepares an annual plan for the implementation of the audit, which is made known to the audit committee and the board.

The auditor participates in the board meeting dealing with the annual accounts. Here the auditor presents their views on accounting matters and principles, risk areas and internal control. The meeting includes an opportunity for a review with the board, without the company's management present. The auditor participates in board meetings on the request from the board, as well as all audit committee meetings held in connection with the financial reporting.

The Board of Directors has prepared separate guidelines for using the auditor for services other than the audit. All non-audit services rendered by the group's auditor are preapproved by the audit committee, either through the guidelines or on a case-by-case basis.

Remuneration to the auditor is presented to and approved by the annual general meeting, including any fees for other specific assignments if relevant (also see note 27 Remuneration to auditor in the annual report for 2021). The annual general meeting makes the final decision to approve the auditor's remuneration. The auditor shall attend the annual general meeting.