

Guidelines for Salary and other Remuneration for the senior executives in Kongsberg Automotive

Presented for approval by the Annual General Meeting of Kongsberg Automotive ASA on 10 June 2021 in accordance with the Norwegian Public Limited Liability Companies Act § 6-16a and the appurtenant Regulation for Guidelines and Reporting of Remuneration to Personnel in Executive Positions (FOR 2020-12-11 2730).

1. Main objectives

Kongsberg Automotive ASA with subsidiaries (“the Company” or “KA”) shall be able to attract and retain executives with the competence and motivation to realize the short- and long-term objectives of the Company. It is further an objective to create incentives that align the interests of the Company’s executives with the interests of the shareholders and other stakeholders in the Company. KA shall therefore have compensation and benefit programs that consists of a combination of short-term incentives based on the financial performance of the company and long-term incentives that reward the development of the value of the KA share in addition to the base salary.

Remuneration and other terms for executives within KA shall be fair compared to the remuneration and conditions of KA's employees, taking into consideration the executives’ responsibilities, seniority and level of experience.

2. Senior Executive Population

As a global company, KA requires a position evaluation concept serving as a framework for comparability of executive positions, both internally and externally. This approach concentrates on position grading with clear rules for a fair and transparent position evaluation process and the possibility to cluster bands. KA has defined the Top 200 executive positions in three Management Bands:

Global Leadership Team (“GLT”): Includes the CEO and CEO’s direct reports in the Company, primarily involved in the development, evolution and approval of the long-term vision and strategy across a market function, business unit or region.

Senior Leadership Team (“SLT”): Senior positions in the company globally, in charge of providing leadership and direction through Vice Presidents and Directors/Senior Managers having accountability for the performance and results in their areas of responsibility and impacting strategic programs/concepts with strong/crucial effect on organization by Senior Management positions and highly specialized Individual Contributors.

Leadership/Management Team (“LT/MT”): Strategic and key individual contributors responsible for implementing organization strategies through the effective direction and management of resources.

These Guidelines apply to compensation and benefits for personnel of GLT, SLT and LT/MT, and will be binding for remuneration to personnel in such teams that are

considered a "leading person" in the Company pursuant to section 7-31b of the Norwegian Accounting Act.

3. Description of compensation elements

a. Annual Base Salary

The annual fixed compensation (i.e. base salary) shall reflect the individual's area of responsibility and performance over time. KA offers base salary levels which are competitive, but not market leading in the markets where the Company operates. Salaries are regularly benchmarked versus salary statistics and other relevant market data.

b. Short Term Incentive Plan

The Short-Term Incentive Plan ("STI") is targeted to the executive population with a timeframe of one year. The STI is a worldwide incentive program designed to motivate and incentivize eligible employees for the contributions they make towards meeting KA's financial and business objectives within the term of one calendar year. The plan is based on objective, transparent and measurable pillars:

- Earnings (Group and Business Unit focused)
- New business wins (Group and Business Unit focused)
- Corporate Cash Flow (Group and Business Unit focused)

Eligible participants in the STI are members of GLT, SLT and MT/LT. The performance goals for the STI are recommended by the Compensation Committee ("CC") and approved by the Board.

For any bonuses to be paid out, the company needs as a whole to reach a minimum fundamental threshold covering all employees and is related to a certain level of adjusted EBIT for the group for a specific year. Only when the company achieves this fundamental threshold, the bonuses are triggered. If triggered, the STI plan has different payout levels which are linked to specific targets by business unit for each pillar. At Threshold level only 25% of the bonus will be paid out; at Target level there will be a pay out of 100%, and finally at Ambition level the pay out will be 200% of the award. The maximum sum of the cash bonus is capped at 100% of gross base salary per individual.

c. Long Term Incentive Plan

The LTI consists of two instruments; half of the LTI award shall be allocated as performance-contingent Stock Options ("SO"), the other half shall be based on time-vested Restricted Share Units ("RSU").

The vesting of the SO is based on KA's Total Shareholder Return ("TSR") performance against a defined relative peer group of dedicated automotive companies. The vesting period is defined as three years from grant, and the overall lifetime of the plan is additionally seven years to exercise (10 years in total to exercise options).

The vesting of the RSU is only a time-bound vesting, defined by vesting period of three years. Only employees who are still working actively and not in notice period, shall be entitled to RSUs.

Eligible are defined as; members of GLT and SLT and selected key employees at lower levels. The individual LTI target value is based on the role and responsibility and is increased with higher responsibility.

The LTI plans are approved annually by the Board and finally approved by the Annual General Meeting. The further terms of the LTI is described in the notice to the annual general meeting which shall constitute an integral part of this statement

d. Total Target Compensation

By adding the above-mentioned 3 elements (a., b., and c.), the Total Target Compensation for an employee is obtained. The proportionate average share (i.e. pay mix) of each component as part of the Total Target Compensation of the senior management population is approximately 75% for base salary, 15% for the STI plan, and 10% for the LTI plan. The proportion average for the GLT members is approximately 60% for base salary, 22% for the STI plan, and 18% for the LTI plan. For the CEO position the proportion for the Total Target Compensation is made up of 35% for base salary, 30% for the STI plan, and 35% for the LTI plan.

e. The STI and LTI shall contribute to further financial performance and long-term strategies and goals for the company.

The structure of Total Target Compensation shall be highly performance and success oriented to ensure that shareholder and management interests are aligned. Performance based short-term and long-term incentives in relation to Annual Base Salary and Total Target Compensation increase with higher responsibility. The STI provides incentives to the top executives to prioritize defined objectives for each year. The STI is thus a dynamic instrument which allows adjustment each year to the specific needs of the Company. The LTI shall provide incentives to the senior management to increase shareholder value in the long term.

f. Pensions Plans

Pension plans shall be in accordance with recognized standards and practice for comparable manufacturing enterprises in the countries where the executives are based and further; compliant with applicable law.

g. Benefits in kind

Remuneration may include customary benefits in kind such as car allowance or company car, coverage of telephone and internet costs as well as newspaper subscriptions. Other benefits in kind as deemed appropriate by the Company may also be granted from time to time, subject to such benefits not being of unusual nature in light of practice in comparable companies and markets and the benefits otherwise being in accordance with the principles set out in these guidelines.

h. Extraordinary compensation

Executives in the Company may be granted additional compensation in extraordinary circumstances on an ad hoc basis. Extraordinary circumstances may include, inter alia, "sign-on" bonuses for new executives, compensation for loss of remuneration with a former employer or increased responsibilities for a specific period in time.

Term of employment agreements

a. Term and termination

Employment agreements are permanent. Relevant notice periods for employment contracts for executives shall according to KA global be from 3 to 6 months depending on the level of the position and conditional upon applicable law. The position of CEO has a 9-month notice period.

b. Agreements on severance payments.

KA does not have a global policy related to severance payments. KA follows legal requirements or union requirements (if applicable), to remain compliant. Any agreement made is then dependent on local regulations and defined on a case-by-case consideration for selected employees.

c. Arrangements for early retirement

KA does not have a global policy related to early retirement; the Company follows legal requirements or union requirements (if applicable), to remain compliant. Any agreement made is then dependent on local regulations and defined on a case-by-case consideration.

- d. Conditions for termination of employment
KA does not have a global policy related to termination of employment; the Company follows legal requirements or union requirements (if applicable), to remain compliant.

6. The process

- a. Revision of Guidelines

The Guidelines are approved by the General Meeting of the Company according to recommendation by the Board and the Compensation Committee. The Guidelines are as a point of basis valid for a period of 4 years. The Compensation Committee may however propose revisions of the Guidelines to the Board of Director for final approval by the following Annual General Meeting.

- b. Deviations from the Guidelines

The Board of Directors may decide exceptions from the Guidelines in the event that the Company should undergo significant changes, such as mergers or demergers, consolidation or split of shares, acquisition, or divestitures or in the event that the company is significantly affected by events that were not reasonably foreseeable when the Guidelines were approved and implemented. The Board of Directors may further establish extraordinary incentives in connection with reorganizations, larger acquisitions, divestments, and similar transactions in order to facilitate the strategic objectives of the Company. Such remedies shall be limited in time.

Any deviations from the Guidelines shall be described in the Board's remuneration report the following year.

- c. The Process for determination of compensation and benefits

Primarily, the “grandfather principle” shall apply for determination of compensation and benefits. In this connection the grandfather principle means that the direct manager’s superior manager shall approve decisions relating the direct manager’s direct subordinates according to the operational organization structure.

For GLT members remuneration, remuneration is proposed by the Executive Vice President of Human Resources, and approved by the Compensation Committee. Compensation and Benefits for the CEO is finally determined in a Board meeting. Compensation and Benefits for other the top executives, MT/LT is determined by the respective GLT member.

- d. Deviations

For minor or ordinary changes in compensation elements, such as annual salary reviews or regular award of STI and LTI, the Executive Vice President of Human Resources will present a budget proposal to the Compensation Committee for approval.

Major or extraordinary changes in compensation elements (i.e. increase or reallocation of total bonus costs by more than 5%), require Board approval.

e. STI adjustments

In the event of major acquisitions, mergers, or a significant divestiture or similar changes to the KA group are made, then the STI bonus targets may be adjusted accordingly by the CEO subject to approval by the Compensation Committee.

f. LTI adjustments

In the event of a corporate transaction involving the Parent Company (including without limitation; a Share split, issuance of rights, extraordinary dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of Shares) the Board may modify the terms of outstanding awards in such manner as the Board may determine as reasonable under the circumstances to permit Participants to realize some or all of the benefits intended to be granted to them under the LTI. Such modifications may include, without limitation, (i) accelerating or extending the Restriction Period as well as the Expiry Date of, and (ii) modifying the Exercise Price, number, amount, or kind of securities which may be purchased in accordance with Outstanding Stock Options.

g. Conflict of interests

Compensation Committee members and Board of Director members shall abstain from consideration and decision of the matter of a potential or perceived Conflict of Interest.

7. Repayment

KA has not implemented any formal regulations relating to repayment of compensation and benefits. Claims for repayment are subject to applicable law.

8. Remuneration of the Board of Directors

a. Process

The remuneration of the members of the Company's board of directors (the "Board") is determined by the Company's general meeting. The remuneration will normally be approved on an annual basis by the annual general meeting.

The remuneration of the members of the Board is proposed by the Company's nomination committee. The members of the nomination committee are elected by the general meeting of the Company. The work of the nomination committee is governed by the articles of association and by guidelines that have been approved by the general meeting. The proposal of the nomination committee will be included in the notice of the annual general meeting or such other general meeting where the remuneration of the Board will be considered.

Remuneration of employee representatives at the Board in their capacity of employees is not covered by these guidelines.

b. Type of remuneration

The remuneration of the Board will consist of a fixed annual amount or a fixed amount per meeting. Members of board committees may receive additional compensation. The remuneration will be payable in cash.

The Company may reimburse travel expenses and other relevant expenses incurred by members of the Board in connection with the performance of their duties.

Members of the Board do not receive any variable or performance-based remuneration. Members of the Board do not receive stock options or other remuneration linked to the Company's shares.

Members of the Board are not members of the Company's pension schemes and do not have any rights to pension from the Company.

c. Agreements

The Company does not normally enter into agreements with the members of the Board in relation to their engagement as board members. The general meeting can remove any member of the Board at its discretion at any time with immediate effect by a simple majority vote. No member of the Board is entitled to any compensation upon termination of their engagement as members of the Board.

Kongsberg Automotive ASA (KOA)

Below is the recommendation from the Nomination Committee to the Annual General Meeting (AGM) on June 10, 2021

Election of Directors

The Nomination Committee proposes that the following persons are elected as members of the KOA Board of Directors (BOD) and to serve until the KOA Annual General Meeting in 2022. The Nomination Committee invites the shareholders to vote for the candidates as follows;

Ellen M. Hanetho, Independent Director (re-election)

Ellen M. Hanetho has 20 years of investment banking and private equity experience as a cross-border finance and business development executive, structuring and executing several scaling and buy-and-build strategies for Nordic and global companies.

She is founder and Chairman of the Board of Cercis AS, an investment company established in 2020, taking companies with proven green technologies into new markets including China.

From 2013 to 2019, Ellen was CEO of Frigaard Invest AS, the strategic investment arm Frigaardgruppen. Prior to this, Ellen has held positions at Credo Partners in Oslo, Goldman Sachs Investment Banking Division in London and New York, the Brussels Stock Exchange and Citibank in Brussels.

Ellen is born in 1964 and was elected as a director of the Board of KOA in 2016. She holds a Bachelor of Science in Business Administration from Boston University and an MBA from Solvay Business School in Brussels and has completed executive programmes at INSEAD and Harvard Business School.

Ellen M. Hanetho currently holds directorships in MPC Energy Solutions AS, HydrogenPro AS, Stokke Industri AS and Fearnley Securities AS.

Firas Abi-Nassif, Independent Director (re-election)

Born 1974. Firas is the co-founder of Teleios Capital Partners, an investment firm based in Switzerland with over \$1 billion in assets under management. Teleios invests in mid-cap companies across all sectors in Europe, with the objective of creating long-term value for all shareholders. Founded in 2013, Teleios manages assets on behalf of an institutional investor base of endowments, foundations and pension plans. Prior to founding Teleios, Firas spent 6 years as a senior investment professional focusing on listed and private companies, following an 8 year-long career in various key engineering roles, while also serving as special advisor to the President and CEO of 3Com Corp, and as advisor on sector reform to the Lebanese Cabinet Minister of Telecommunications. From 2008 to 2011, Firas served as Head of Technology and Telecommunications investments at Vision Capital, a New York-based special situations investment firm with \$1 billion in assets under management. From 2007 to 2008, Firas worked in Investment Banking at Credit Suisse in New York, focusing both on Corporate Finance and M&A. From 2000 to 2005, Firas was a founding team member of Airvana, a worldwide leading vendor of wireless infrastructure equipment, acquired by a consortium of private equity funds for \$535 million, after going public on the Nasdaq. From 1997 to 2000, Firas was a senior engineer at Motorola where he led critical research and development projects. Firas obtained an Engineering degree in Computer and Communications with Distinction from the American University of Beirut in 1996, an MS in Electrical

Engineering from Northeastern University in 1998, and an MBA with honors from Harvard Business School in 2007. Over the course of his career, Firas produced seven internationally patented inventions in the field of telecommunications, which are referenced by over 200 other United States patents. Current Public Board Memberships are none. He was first elected as a director 2018.

Emese Weissenbacher, Independent Director (re-election)

Emese Weissenbacher has spent her entire 26-year professional career in the automotive sector for Mann+Hummel where she started in the HR area. She soon transitioned into Controlling and Marketing before taking on general management leadership roles in operations and business units.

She holds the position as CFO and member of the management board of Mann+Hummel since 2015.

Emese is born in 1964. She has studied economics at the Babes-Bolyai University in Cluj Napoca / Romania followed by a degree from the University of Stuttgart as technisch orientierte Diplom Kauffrau in Controlling and Business Development.

She successfully completed the Advanced Management Program at the Harvard Business School in 2015.

Emese Weissenbacher is a Non-Executive Director in Affinia Group Holdings Inc. She was first elected as a director in 2019.

Gerard Cordonnier, Independent Director (re-election)

Gerard Cordonnier has spent 25 years in the automotive industry mostly with Continental AG and Grammer AG. In Continental, he held various finance and controlling positions including the interim CFO position until 2012. Gerard Cordonnier was CFO of Grammer AG from 2015 to 2019. He currently is an Independent Consultant. During Gerard's diverse career he has worked across the world including Japan, China and the US and he has extensive experience in M & A and restructuring activities. He has also served on numerous subsidiary boards.

Gerard Cordonnier is born in 1956. He holds a Degree in Economics and Law, from the University of Namur, Belgium.

Currently Gerard holds no Board Member positions in Public Listed Companies. He was first elected as a director in 2019.

Peter Schmitt, Independent Director (re-election)

Peter Schmitt has spent 22 years in the automotive industry working most of his career for various divisions and business units of Siemens. In addition to his automotive experience, he also has experience from the energy sector of Siemens as well as from Osram, a Siemens spinoff in the lighting and semiconductor industry. Most of Peter Schmitt's previous positions have been in the areas of finance and general management.

Peter Schmitt was born in 1961. Peter Schmitt (PS) is educated from Abitur, Gregor-Mendel-Gymnasium, Amberg and subsequently attended the Head Office Training (Stammhauslehre) with

Siemens AG, Nuremberg, Erlangen, Dusseldorf, Berlin and Rosslyn (ZA), which can be considered a Siemens internal equivalent of an academic degree.

Current Peter holds no Board Member position in publicly listed companies. He was first elected as a director in 2019.

APPROVAL OF DIRECTOR'S FEES FOR THE PERIOD 2021/2022

It is proposed that the Chair shall receive NOK 510.000 for the period.

In this very unusual and extraordinary year the KOA Board of Directors has experienced an exceptional workload i.a. - the Company has in this election period initiated and implemented a substantial Capital Increase, the existing CEO resigned, and a new CEO was identified and hired - hereunder the Company has recorded 25 Board Meetings.

According to the yearly Board Remuneration Survey issued by the Norwegian Institute of Directors for the Companies listed on the Norwegian Stock Exchange the last yearly average increase for Board Members fee was 3.6%.

With reference to the above the KOA NC proposes to increase the shareholder elected Board Member fee for the period 2021/2022 from NOK 440.000 to NOK 455.000 and each of the Directors elected by the KOA shareholders, other than the Chair, shall receive NOK 455.000 for the period. Director fees for the employee elected Board Members shall be increased from NOK 130.000 to NOK 135.000 and each of the employee elected Directors shall receive NOK 135.000 for the period.

Deputy Directors elected by the employees shall receive NOK 8.000 pr. attended meeting.

APPROVAL OF DIRECTOR'S FEES FOR THE PERIOD 2020/2021

Further the NC proposes to compensate for the extra Board Meetings that the Board Members have experienced in addition to what is expected in a normal year with a one-year amount of NOK 100.000 to each shareholder elected Board Member, other than the Chair. Each Director elected by the employees shall be compensated with a one-year amount of NOK 50.000 for the period.

APPROVAL OF COMPENSATION TO THE MEMBERS OF THE AUDIT COMMITTEE AND THE COMPENSATION COMMITTEE FOR THE PERIOD 2021/2022

Chair of the Audit Committee shall receive NOK 90.000 for the period.

Member of the Audit Committee shall receive NOK 70.000 for the period.

Chair of the Compensation Committee shall receive NOK 60.000 for the period.

Member of the Compensation Committee shall receive NOK 45.000 for the period.

ELECTION OF MEMBERS TO THE NOMINATION COMMITTEE

Tor Himberg-Larsen, Attorney-at-Law, Committee Chairman. Elected as Nomination Committee Chairman in 2010. To be re-elected for a period until 2022.

Synnøve Gjønnnes, Portfolio Manager, KLP, Oslo. Synnøve Gjønnnes holds a degree from the ESADE Business School. She has Capital Market experience from Pareto Securities and Kværner ASA in Oslo from 2013 to 2018. Presently she is Portfolio Manager with KLP from 2018. She was first elected as a director in 2019. To be re-elected for a period until 2022.

Lasse Johan Olsen. Deputy Head of Norwegian Branch, Nordea Funds Ltd., Nordea Funds, Norwegian Branch, Oslo. Lasse J. Olsen has education from Nord Universitet, Bodø, Norway, BI Norwegian School of Management, Oslo and the University of North Dakota, Grand Forks, USA. He was first elected as a director in 2020. To be re-elected for a period until 2022.

APPROVAL OF COMPENSATION TO THE MEMBERS OF THE NOMINATION COMMITTEE.

PERIOD 2021/2022:

The Nomination Committee proposes that the fee to members of the Nomination committee shall be NOK 6.000 per meeting to each member to compensate for the time spent for the works of the Committee. In addition, the Chairman of the Nomination Committee shall be paid NOK 65.000 to compensate for the additional work the chairmanship entails.

THE WORK OF THE NOMINATION COMMITTEE.

The Nomination Committee has worked according to the Charter approved by the General Meeting of the Shareholders on June 9, 2011.

The Nomination Committee has communicated with members of the KOA Board and the CEO during the election period.

Since the 2020 AGM the Committee Chairman has communicated with several shareholders in the company.

The Nomination Committee is of the opinion that the nominated Board of Directors will have the necessary qualifications to meet the challenges ahead. All Board Members have in this election period contributed in a constructive way to the Company's best interest on and in between Board Meetings. In re-nominating the present Board of Directors the NC has prioritized continuity.

All recommendations made by the Nomination Committee are unanimous.

The Committee Chairman has communicated with the Chairman of the Board ahead of submitting the Committee's recommendations.

Oslo, April 21, 2021

Synnøve Gjønnnes

Lasse Johan Olsen

Tor Himberg-Larsen

Chairman