

To the shareholders in

**Kongsberg Automotive ASA**



Kongsberg, 20 May 2021

## **NOTIFICATION OF THE ANNUAL GENERAL MEETING**

The shareholders are hereby notified of the Annual General Meeting of Kongsberg Automotive ASA (the "**Company**") on

**10 June 2021 at 10:00 AM.**

**Venue: Felix Conference Centre, Bryggetorget 3, 0250 Oslo**

### **The following items are on the agenda:**

- 1. Opening of the Annual General Meeting by Mr. Firass Abi-Nassif, Chairman of the Board**
- 2. Registration of shareholders and proxies in attendance**
- 3. Election of a chairperson of the meeting and a co-signer for the minutes**  
The board of directors in the Company (the "**Board**") proposes that Simen Mejlænder is elected to chair the meeting.
- 4. Approval of the notification and agenda**
- 5. Adoption of the consolidated and parent company financial statements for 2020, including the allocation of the profit/loss for the year, approval of the annual report and consideration of the statement on corporate governance**  
Reference is made to the annual report available at the Company's web pages ([www.kongsbergautomotive.com](http://www.kongsbergautomotive.com)) and the Board of Directors' proposed resolutions (Attachment 1).
- 6. Election of directors to the Board and stipulation of remuneration to the Board**
  - 6.1. Election of directors to the Board
  - 6.2. Approval of remuneration to the members of the Board and the board committees  
The Nomination Committee's recommendation is attached (Attachment 3).
- 7. Election of members to the Nomination Committee, and stipulation of the remuneration to the Nomination Committee**
  - 7.1 Election of members to the Nomination Committee
  - 7.2 Approval of remuneration to the members of the Nomination Committee  
The Nomination Committee's recommendation is attached (Attachment 3).
- 8. Approval of the Auditor's fee**  
The Board of Directors' recommendation is attached (Attachment 1).
- 9. Approval of the Company's Guidelines for Salary and Other Remuneration to Senior Executives**  
The Board's proposal and the Guidelines are attached herewith (Attachment 1 and 2).
- 10. Approval of Long Term Incentive Program (LTI) 2021**  
The Board of Directors' recommendation is attached (Attachment 1).
- 11. Authorization to the Board for the purchase of treasury shares**  
The Board of Directors' recommendation is attached (Attachment 1).
- 12. Authorization to the Board to increase the share capital**  
The Board of Directors' recommendation is attached (Attachment 1).

**Please note: Due to the corona pandemic and meeting restrictions, shareholders are urged not to attend the general meeting in person. Shareholders are urged to vote in advance or deliver a proxy with voting instructions.**

**Shareholders with access to VPS Investor Services are urged to use the advance voting function by accessing VPS Investor services or by following the link at the Company's IR pages <https://www.kongsbergautomotive.com/investor-relations/>. Shareholders who do not have access to VPS Investor Services are urged to provide a proxy with voting instructions per item to the chairman of the Board, Mr. Firass Abi-Nassif, or any person appointed by him, as set out in Appendix 4 to this notice. A voting proxy without instructions can also be granted to the chairman of the board of directors Mr. Firass Abi-Nassif, or any person appointed by him, through VPS Investor Services or by using Appendix 4 to this notice. A company certificate must be enclosed with the proxy in the event that the principal is a corporate entity. The registration deadline in VPS Investor Services is 8 June 2021 at 14:00 hrs (Norwegian time). Proxies sent by post or e-mail must be received at the latest by the same deadline at the following address: Nordea Bank Abp, filial i Norge, Issuer Services, Postbox 1166 Sentrum, 0107 Oslo or [nis@nordea.com](mailto:nis@nordea.com)**

Shareholders who wish to attend the Annual General Meeting are required to register no later than 7 June 2021 at 12:00 hours (Norwegian time) through VPS Investor Services or by sending the attendance form enclosed as Appendix 5 to Nordea Bank Abp, filial i Norge, Issuer Services, Postbox 1166 Sentrum, 0107 Oslo, [nis@nordea.com](mailto:nis@nordea.com). Shareholders or representatives not complying with this deadline, will be denied access to the meeting in accordance with section 7 of the articles of association and Section 5-3 of the Norwegian Public Limited Companies Act due to the current corona pandemic restrictions in Oslo.

The Company reserves the right to have the chairman of the board, board members, the CEO or any other person required to be present at the Annual General Meeting, or any representative of such persons, attending the meeting through video link or phone in accordance with section 2-3 of the temporary act concerning exemptions from the requirements to hold physical meetings in the company legislation to mitigate consequences of the Covid-19 outbreak. The Company also reserves the right to right to conduct the meeting as an electronic meeting in accordance with the said act, in which case information about access procedures will be sent to all shareholders who have registered for attendance by the deadline set out above.

The Company's annual report and annual accounts for 2020 are available at the Company's web pages <https://www.kongsbergautomotive.com/investor-relations/>. Other documents that will be presented at the general meeting and proposals for resolutions are accessible at the same website.

The Company has at the date of this notice issued 1,054,860,644 shares each carrying one vote. All shares enjoy equal rights. At the date of this notification, the Company owned 3,716,304 (0.35%) treasury shares for which voting rights may not be exercised.

The shareholders have the right to speak at the general meeting, the right to be accompanied by an advisor, to give such advisor the right to speak, and the right to present alternatives to the board's proposals in respect of matters on the agenda at the general meeting. The shareholders may require the Board and the chief executive officer to furnish in the General Meeting available information about matters that may affect the consideration of a) the approval of the annual accounts and the annual report, b) any matters submitted to the shareholders for decision and c) the Company's financial position, and the business of other companies in which the Company participates and any matter which the general meeting is to deal with unless the information required cannot be given without disproportionately harming the Company.

Kongsberg, 20 May 2021

For the Board of Directors of Kongsberg Automotive ASA

Firass Abi-Nassif  
Chairman of the Board

Attachments:

1. Proposed resolutions
2. The proposed Guidelines for Salary and Other Remuneration to Senior Executives.
3. The Nomination Committee's recommendation for new members to the Board of Directors and fees to the members of the board of directors and Nomination Committee
4. Proxy slip with and without voting instructions
5. Attendance slip.

**RE: Item 5 of the Agenda: Adoption of the consolidated and parent company financial statements for 2020, including the allocation of the profit/loss for the year, approval of the annual report and consideration of the statement on corporate governance**

The Board requests that the Annual General Meeting adopts the following decision:

*The Annual General Meeting approved the consolidated and parent company financial statements for 2020 in accordance with the Board's proposal. The annual report was approved. The Annual General Meeting decided that no dividend should be paid for 2020.*

*The Annual General Meeting allocated Kongsberg Automotive ASA's annual result as follows: Transferred to retained earnings EUR (10.7) million.*

The statement on corporate governance will be considered.

**RE: Item 8 of the Agenda: Approval of the Auditor's fee**

In compliance with the specification received from the auditor, the Board asks the Annual General Meeting to adopt the following decision:

*The Annual General Meeting approved the auditing fees for Kongsberg Automotive ASA for 2020 at EUR 165.9 thousand.*

The total fee for auditing of Kongsberg Automotive group companies (excluding Kongsberg Automotive ASA) in 2020 amounted to EUR 519.4 thousand.

**RE: Item 9 of the Agenda: Approval of the proposed Guidelines for Salary and Other Remuneration to Senior Executives**

Pursuant to section 16-6a of the Norwegian Public Limited Companies Act, the Board has prepared Guidelines for Salary and Other Remuneration to Senior Executives. The Guidelines are attached as Attachment 2.

The Board requests that the Annual General Meeting adopts the following decision:

*The Annual General Meeting approved the Guidelines for Salary and Other Remuneration to Senior Executives.*

**RE: Item 10 of the Agenda: Approval of Long Term Incentive (LTI) Program 2021**

The Company seeks the approval from the Annual General Meeting to continue the long term incentive program (the "LTI") that was introduced in 2018 based on the recommendations of Willis Towers Watson for executives and global managers.

The key objectives of the proposed 2021 LTI plan are to attract and retain key personnel, to further align the interests of the Company's management and the Company's shareholders, and to promote a stronger focus on long-term priorities for senior management of the Company.

A key condition of the LTI plan is that eligible executives (Global Leadership Team) that desire to participate in the LTI plan must satisfy the Company's new holding requirements. In summary, these requirements require LTI participants to hold shares in the Company in the amount corresponding to 2 annual base salaries for the Chief Executive Officer, one annual base salary for the Presidents and Chief Financial Officer, and 0.5 annual base salaries for the rest of the Global Leadership Team. For other LTI plan participants outside of the Global Leadership Team there are no holding requirements. The Global Leadership Team will be

granted two years upon the effective date of the program implementation (June 2018) for initial participants to reach 20% of the holding requirements and an additional 3 years to reach full compliance. Qualifying shares for the purpose of the holding requirements are shares owned outright, vested restricted stock/RSUs, shares held in an Employee Stock Purchase Plan or Self-Investment Plan, and vested but unexercised “in-the-money” stock options.

As was the case in 2018 and 2019, the proposed 2021 LTI plan consists of two components: 1) 50% of the respective LTI value will be awarded as performance-contingent stock options or similar instruments, 2) the other 50% will be awarded as time-vested restricted shares or similar instruments. Based on the individual LTI target value of each eligible participant, the corresponding number of performance-contingent stock options is calculated based on the Black Scholes evaluation of a third-party consultant.

The vesting of the performance-contingent stock options will be based on the Company's Total Shareholder Return ("TSR") performance versus a Board defined relative peer group of dedicated automotive companies. Only in case the Company clearly outperforms this peer group by more than one standard deviation from the peer group TSR performance over the vesting period of 3 years, 100% of granted stock options will vest. With a Kongsberg Automotive TSR performance within one standard deviation of its peer group, 75% of options will vest. If Kongsberg Automotive TSR performance is more than one standard deviation below the peer group over the vesting period, no manager will vest any performance-contingent stock options. The vesting period is defined as three years from the grant date and the overall life-time of the options expire in the 10th anniversary of the grant date (if vested).

The time-vested restricted shares will have a defined vesting period of three years, different to previous years in which there was a staggered approach in which the shares vested partially on an annual basis. This means that all time-vested restricted shares will only vest in 3 years from the grant (June 2024).

Eligible participants under the program are a defined group of up to 140 managers (Global Leadership Team, Senior Leadership Team and selected key employees). The individual LTI target value is based on the role & responsibility and is increased with higher responsibility/grade (between 100% and 10% of base salary).

Overall, the Company requests approval for an LTI value of approx. EUR 3.7 million. Assuming a share price in the range of NOK 2.50 to 3.50, this would correspond to a maximum number of 9.5 million performance-contingent stock options and 6.5 million restricted shares. The final number of awarded shares and options will depend on the share price on the day of the Annual General Meeting. In the event that the share price is outside the assumed range, the awards will not exceed the figures above.

On this background, the Board of Directors propose that the Annual General Meeting resolve as follows:

*The Annual General Meeting approved the proposed Long-Term Incentive plan for 2021.*

**RE: Item 11 of the Agenda: Authorization to the Board for the purchase of treasury shares**

Further to resolution by the Annual General Meeting of 30 June 2020 and resolution by the Extraordinary General Meeting 29 January 2021, the Board has an authorization to acquire up to 74,479,910 treasury shares in the Company with a nominal value of up to NOK 74,479,910 comparable to 10 percent of the Company's share capital at the time of the Annual General Meeting of 2020. The Company owns at the date of this notification 3,716,304 treasury shares, which equals 0.35% of the total share capital. The main objective for the authorization to acquire treasury shares was to secure a sufficient number of shares to be able to execute the Company's LTI program.

As the said authorization expires, the Board proposes that the Annual General Meeting grants a similar authorization to the Board, which shall be effective until the ordinary Annual General Meeting in 2022 or at latest 30 June 2022.

The proposal is made as the Company requires effective equity instruments, including the possibility to call in and disburse capital through the authorizations for increasing share capital and acquiring treasury shares and further to execute the LTI. The authorization would also be expedient in the event of, and may be used in connection with, any acquisition where settlement takes place wholly or partially in the form of consideration shares in the Company.

The proposed authorization shall be limited to a number of shares representing 10% of the share capital of the Company.

Accordingly, it is proposed that the Annual General Meeting adopts the following resolution:

*The Board is authorized to acquire up to 105,486,064 treasury shares on behalf of the Company, cf. §§ 9-2 ff. of the Norwegian Public Limited Companies Act, on the following conditions:*

- 1. The Company can acquire up to 105,486,064 treasury shares with a total nominal value of up to NOK 105,486,064. The Company cannot acquire treasury shares if the aggregate nominal value of its holdings of treasury shares after the acquisition exceeds 10 per cent of the Company's valid share capital at any given time. The shares may be acquired and divested as the board may find appropriate.*
- 2. In the event treasury shares are divested, the Company can acquire treasury shares to replace them. The authorization may be applied repeatedly during the period, provided that the limitation under section 1 is respected.*
- 3. The shares shall be acquired at current market prices within a range between NOK 1 and NOK 15 per share.*
- 4. The authorization shall apply up to the Company's ordinary Annual General Meeting in 2022, or up to and including 30 June 2022 at the latest.*

**RE: item 12 of the notification – Authorization to the Board to increase the share capital**

The Board proposes that the Company's general meeting authorizes the Board to increase the Company's share capital by up to 10%. The authorization will include a right to waive the shareholders' pre-emptive rights and to resolve capital increases against considerations other than cash. The purpose of the authorization is to enable the Board to issue shares in the Company (i) as consideration in connection with acquisition of enterprises, (ii) in connection with equity financing of acquisitions in cash or the Company's general business as well as to (iii) fulfill obligations under the Company's LTI program.

Accordingly, it is proposed that the Annual General Meeting adopts the following resolution:

- 1. The Annual General Meeting authorizes the Board to increase the Company's share capital by up to NOK 105,486,064. The authorization may be used separately or in combination with other authorizations.*
- 2. The shareholders' pre-emptive rights to subscribe new shares under section 10-4 of the Norwegian Public Limited Companies Act can be waived.*
- 3. The authorization can be used to conduct one or more share capital increases for the purpose of (i) raising equity for the Company's operations or acquisition of other enterprises, (ii) using the Company's shares as remuneration in connection with acquisitions and mergers or (iii) for issuance of shares in connection with the Company's long-term incentive program for employees.*
- 4. The authorization includes the right to carry out share capital increases both with cash contributions and consideration other than cash as well as to obligate the*

*Company to undertake particular duties, cf. section 10-2 of the Norwegian Public Limited Companies Act. The authorization can be used in connection with mergers pursuant section 13-5 of the Norwegian Public Limited Companies Act.*

5. *The authorization shall apply until the ordinary Annual General Meeting in 2022, or up to and including 30 June 2022 at the latest.*