



The boards declaration on CORPORATE GOVERNANCE

19 March 2019

DECLARATION ON CORPORATE GOVERNANCE

The Board of Directors focuses on maintaining a high standard of corporate governance in line with Norwegian and international standards of best practice.

The foundation for Data Respons' corporate governance structure is Norwegian law, and Data Respons ASA is a Norwegian-registered public limited liability company listed on the Oslo Stock Exchange.

1. Board statement on corporate governance

To ensure corporate practice aligned with Norwegian legislation and current guidelines, Data Respons' organisation is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance.

Data Respons is listed on the Oslo Stock Exchange and must report annually on compliance with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (the "Code"). Any deviations from the Code must be explained. The Code covers 15 topics, and the statement shall cover each of these topics. The Board of Directors has endorsed the Code and states that Data Respons has complied with the Code throughout 2018.

Taking overall responsibility is an important core value at Data Respons. The company aspires to be a responsible corporation in terms of labour standards, human rights and environmental protection.

The company has implemented sustainability and corporate social responsibility ("CSR") policies, which are publicly available on the company's website: www.datarespons.com/sustainability/.

These policies cover governance and integrity management, environmental protection, human rights and labour standards and are in accordance with the UN Global Compact Principles. The company conducts an annual CSR survey that is mandatory for employees in Data Respons.

2. Operations

Data Respons ASA's object is defined in the articles of association and in the annual report. Targets and strategies are adopted, both for Data Respons ASA and for each business area, to support the company's object.

Data Respons is a full-service, independent technology company and a leading player in the IoT, Industrial digitalisation and the embedded solutions market. We provide R&D services and embedded solutions to OEM companies, system integrators and vertical product suppliers in a range of market segments such as Medical, Industry & Automation, Smart grid/Smart home, Bank and Insurance, Automotive, Defence, Maritime, Energy and Telecommunications.

3. Equity & Dividends

The company's equity is aligned with the aims, strategy and risk profile communicated to the market. The Board of Directors have established and made publicly available a clear and predictable dividend policy for the company:

- ❑ Data Respons objective is to pay out a minimum of 50 % of net income in the form of dividends.
- ❑ The payout should reflect Data Respons aim to give its shareholders competitive returns benchmarked against alternative investments in comparable companies.

- ❑ The dividend pertaining to a fiscal year will be declared at Data Respons' annual general meeting in the following year.
- ❑ Data Respons may consider buying back shares in addition to ordinary dividend payments. Such considerations will be made in the light of the financial situation of the company.
- ❑ The Board of Director's propose dividends for approval by the general meeting.

An increase in the company's equity will only be proposed if the Board believes that it will be in the long-term interests of the shareholders.

The Board of Directors is only given authorisation to increase the company's share capital under specified purposes. Authorisations to increase the share capital are only valid until the next annual general meeting. The same guidelines apply for authorisations for the Board of Directors to purchase treasury shares. Information regarding the Board of Director's authorisation to increase the share capital is disclosed in the annual report.

4. Equal treatment and related parties

Data Respons has one class of shares, all shares have equal rights and each share carries one vote. Any deviation from the shareholders' general right of pre-emption will be justified and the justification will be reported in the related stock exchange notice.

Any transfers of treasury share are performed through the stock exchange. If any transactions other than insignificant transactions are proposed with the company and its shareholders, its shareholders' parent company, a Board member, management or other key employee, the Board of Directors will ensure that a valuation performed by an independent third party is presented.

The Board of Directors, senior management and other key employees are, according to internal guidelines, required to report any potential related party transactions.

Other than ordinary business transactions between group companies there have been no related party transactions in 2018. All transactions within the group are based on ordinary commercial terms using the arm's length principle.

5. Freely negotiable shares

Data Respons ASA is listed on the Oslo Stock Exchange. All shares have equal rights and are freely transferable. The company's articles of association contain no form of restriction on the negotiability of its shares.

6. The annual general meeting

The annual general meeting (AGM) is the highest decision-making body of the company, and it elects the shareholders' representatives and their deputies to the Board of Directors.

Notice and other documents relating to the annual general meeting are published on the company's website: www.datarespons.com/investors, and the notice is sent by mail to all shareholders with a known address no less than 21 days prior to the meeting.

The deadline for registration for the AGM is two days before the AGM is due to take place. The Chairman of the Board, the CEO and the auditor participates at the AGM. Participation by other directors of the Board and members of the Nomination Committee is encouraged.

The AGM is normally opened and chaired by the Chairman of the Board of Directors. If there is a dispute concerning individual matters and the Chairman of the Board belongs to one of the disputing parties, or is for some other reason not perceived as being impartial, another person will be appointed to chair the AGM in order to ensure impartiality in relation to the matters to be considered.

7. The Nomination Committee

Data Respons has incorporated in the articles of association that the company should have a Nomination Committee. The Nomination Committee is elected by the annual general meeting. The committee makes proposals to the general meeting regarding the election of shareholder-elected members to the Board and propose remuneration of the Board of Directors. The annual general meeting decides the remuneration of the Nomination Committee.

The members of the Nomination Committee should be selected to take into account the interests of shareholders in general and the majority of the committee should be independent of the board of directors and senior management. The committee comprises three members, none of which are Board members or employees at Data Respons.

The committee involves shareholders, Board members and the CEO in proposing candidates to the Board of Directors. Shareholders can propose candidates through the company website.

The Nomination Committee proposes the remuneration of the directors for the coming year to the general meeting. Proposals from the Nomination Committee are justified, and the proposals from the Nomination Committee are made available on the company's website along with the invitation to the AGM. The members of the Nomination Committee are presented on the company's website: www.datarespons.com/investors.

In addition, the company has an Election Board for the election of employee representatives to the board. The Election Board comprises three members which are employed at Data Respons.

8. The Board of Directors

The Board of Directors is comprised in a way that it can maintain the interest of the majority of the company's shareholders. Each Board member is presented on our website: www.datarespons.com/investors, including information about age, skills and experience and share ownership in Data Respons.

The composition of the Board of Directors complies with the requirement that the Board be independent from the company management, and independent from major business associates of the company.

Management is not represented on the Board of Directors. At least two of the members of the board elected by shareholders are independent of the company's main shareholders.

The Chairman of the Board of Directors and other Board members are elected by the company's shareholders in the general meeting. Board members are normally elected for a term of one year until the next annual general meeting. Board members are encouraged to own shares in the company.

9. The work of the Board of Directors

The work of the Board is governed by detailed rules of procedure. The Board has an annual programme of work including specific topics and fixed items such as the approval of the annual financial statements, interim financial statements and budgets.

The Board is also responsible for overall strategy and for setting long-term goals, as well as important decisions about acquisitions, establishment of new operations and major investments. The Board of Directors evaluates its performance and competence annually.

A Board member shall not participate in the discussions or decisions of any matters that are of particular personal or financial interest to them or to any related party.

The Board has appointed an Audit Committee, which provides assistance to the Board in fulfilling their responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the company, and the quality and integrity of the financial reports of the Company. As part of this process, the external auditors participate in several meetings of the Audit Committee.

In carrying out its responsibilities, the Audit Committee should ensure that the corporate accounting and reporting practices of the company are in accordance with all legal requirements and are of the highest quality. The audit committee consists of two Board members.

The Board has also appoints a compensation committee consisting of two Board members. The Board's Compensation Committee is a subcommittee of the Board of Directors of Data Respons ASA and is independent of management. Its role is to prepare for the Board's discussions of questions involving compensation. The Compensation Committee is responsible only to the full corporate Board and its authority is limited to making recommendations to the Board. The Board of Directors provides information in the annual report of any board committees appointed.

10. Risk management and internal control

The Board of Directors oversee that the quality of Data Respons' risk management and internal control functions are aligned with our business objectives and sufficient taking into consideration the scope and nature of the company's operations. The Board of Directors evaluate, at least annually, the company's most significant risks and the related internal control measures in place.

The Board of Directors oversees and evaluates the company's internal control and risk management functions related to financial reporting. The management is responsible for establishing and maintaining adequate internal control of financial reporting. The objective of the internal control of financial reporting is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Data Respons' financial statements for external reporting purposes in accordance with International Financial Reporting Standards.

The Board of Directors evaluates the effectiveness of internal control of financial reporting annually. As part of the audit of the financial statements, the external auditor reports on the effectiveness of internal controls related to financial reporting to the Audit Committee and the Board of Directors at least once every year.

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors is approved by the general meeting and is based on the responsibilities and competence required of Board members, as well as the complexity of the operations in the company. The remuneration of directors is not performance-related. Directors are not granted share options.

Members of the board of directors and/or companies with which they are associated should not normally take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this is disclosed to the full board. The board approves the remuneration for such additional duties. Information regarding the remuneration of directors is disclosed in the annual report.

12. Remuneration to senior management

The Board of Directors is responsible for preparing guidelines for salaries and other remuneration to the CEO and other senior management. The guidelines are attached in a separate document to the annual general meeting, which is published on the company webpage.

The annual general meeting holds an advisory vote on the Board of Directors' guidelines on remuneration to senior management. The guidelines on allocation of shares, subscription rights, options and any other form of remuneration stemming from shares or the development of the official share price in the company or in other companies within the same group of companies are approved at the general meeting.

The guidelines for the remuneration of the executive personnel sets out the main principles applied in determining the salary and other remuneration of the CEO and other senior management. The guidelines help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the company's earnings performance over time. The guidelines and the remuneration of the CEO and other senior management are described in the annual report.

13. Information and communications

Data Respons believes that it is important to have an open and active dialogue with the participants in the securities market, where all participants are treated equally. Data Respons complies with the Oslo Stock Exchange Code of Practice for Reporting IR Information.

The company presents its financial calendar annually, including dates for publishing quarterly reports, the date of the annual general meeting, the date of dividend payments and when the share is traded ex dividend. All stock exchange notices, financial presentations, documentation for the annual general meeting and other relevant investor information is published on the company's website. All information sent to shareholders is simultaneously published on the website.

14. Take-overs

Respon's articles of association do not set limits on share acquisitions. The Board of Directors endorses the principles concerning equal treatment of all shareholders.

The Board of Directors has established guiding principles for how it will act in the event of a take-over bid. In a bid situation, the company's Board of Directors and management will ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The Board should ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors will not seek to hinder or obstruct take-over bids for the company's activities or shares.

In the event of a take-over bid for the company's shares, the company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for a company's shares, the company's Board of Directors will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement.

In a bid situation, the Board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the Board's statement. Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by another decision-making body of the company.

15. Auditor

The auditor presents its audit strategy to the audit committee once every year. The auditor attends the meeting of the Board at which the annual financial statements are scrutinised, and will also participate in several of the meetings of the audit committee. The auditor also has procedures for reviewing the company's internal controls with the Board.

When meeting with the audit committee, the auditor will present any identified weaknesses in internal controls and suggestions for improvements. The auditor will meet the Board of Directors at least one time every year without the presence of the CEO or any other members of management.

Normally, management will not utilise the appointed auditor for significant services other than services related to the audit of the financial statements. The Board discloses information on the remuneration of the auditor in the AGM, broken down by remuneration for auditing and other services..

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