

## REMUNERATION POLICY

Adopted by the General Meeting of the Company on May 19th, 2022, effective immediately

The contents of this document apply to AutoStore Holdings Ltd. ("**AutoStore**" or the "**Company**") and its subsidiaries (together with the Company, the "**Group**"). This document is based on the rules, regulations and recommendations that apply to companies listed on Oslo Børs.

### 1 PURPOSE OF THE POLICY

#### 1. INTRODUCTION

This remuneration policy ("Remuneration Policy") is prepared to reflect the recommendations of section 12 of the Norwegian Code of Practice for Corporate Governance, edition 2021, which in turn refer to § 6-16a of the Public Limited Liability Companies Act.

The Remuneration Policy has been developed by the board of directors ("Board of Directors") of AutoStore and which applies to the Company's leading persons, i.e. the members of the Executive Management Team of the Company. The Remuneration Policy is a framework around which their contractual terms and compensation are set, reviewed, and managed. It also acts as a guide for the setting and management of the contractual terms and compensation for executive members of the Management and other senior leaders of the Company.

The Remuneration Policy has been approved by the shareholders of the Company at the annual General Meeting held on May 19th, 2022. It will remain in force for a period of up to four years. All subsequent changes to the Remuneration Policy must firstly be adopted by the Board of Directors. Material changes will be approved by the Company's shareholders at a General Meeting.

The Remuneration Policy is available on the Company's website [www.autostoresystem.com](http://www.autostoresystem.com).

### 2 GENERAL PRINCIPLES

#### 2.1 Overall objectives

AutoStore is an innovative robotic and software technology company and a pioneer of cubic storage automation. It operates in the rapidly growing warehouse automation industry and in the even faster-growing cube storage segment. Therefore, the niche nature of its business, in combination with its wide geographic reach and pace of change, require a flexible Remuneration Policy built around the following objectives:

- attract and retain high caliber, experienced and qualified executives
- incentivize Executive Management to deliver the Company's strategic ambitions, and do so in a way which creates sustained shareholder value
- reward Executive Management appropriately for achieving core short- and long-term business goals, and
- focus Executive Management on managing and growing the Company to ensure its continued sustainability, and in a way which aligns with shareholders' and stakeholders' interests.



## 2.2 Alignment with strategy and the interests of shareholders and other stakeholders

The Board of Directors has designed the Remuneration Policy to align with the Company's strategy and suitably reflect shareholders' interests. It does this in several ways:

- a significant proportion of the total remuneration package is variable, ensuring reward is linked to business performance
- the variable remuneration package is weighted towards the achievement of long-term goals which are intended to drive sustainable value creation
- incentive plan metrics are taken from the business plans agreed by the Board of Directors, and they are targeted in such a way as to discourage excessive risk taking or other behaviors which would not be in the Company's or shareholders' interests
- both shares and share options are used in the long-term incentive plan to give executives a stake in the business and, through share price development and capital returns, align their interests with those of shareholders
- a claw back provision ensures that remuneration can be recouped or otherwise off-set under specific circumstances.

In preparing the Remuneration Policy the Board of Directors considered the remuneration and employment terms of the Company's other employees. The Board of Directors is comfortable that there is an appropriate alignment of the principles on how pay and other package elements are set and reviewed for executives with those of the wider organisation.

## 2.3 Governance

The remuneration of the Executive Management is overseen by the Remuneration Committee (the "Committee"), which is a committee of the Board of Directors. It discharges its responsibilities in accordance with its terms of reference, which are available on the Company's website, found here: [www.autostoresystem.com](http://www.autostoresystem.com). In carrying out its duties and making proposals to the Board of Directors, the Remuneration Committee will take account of statutory requirements, prevailing corporate governance standards, best practice, and the feedback from shareholders and other relevant third parties. It engages external third parties to advise it from time to time. It operates in such a way as to mitigate conflicts of interest from occurring.



## **2.4 Deviation from the Remuneration Policy**

In order to safeguard the Company's interests, the Board of Directors may, in individual extraordinary cases, and based on a recommendation of the Remuneration Committee, determine that it is appropriate to make a temporary exception to the Remuneration Policy. This could be in the case of material changes in the Company's structure, ownership or business purpose; material changes to legislation, tax / accounting treatment or regulation; or other circumstances as the Board of Directors believes is warranted. If there is a deviation from the Remuneration policy, the details will be set out in the applicable version of the Remuneration report.

# **3 REMUNERATION AND OTHER CONTRACTUAL TERMS**

## **3.1 Principal terms**

The Executive Management's remuneration package consists of a fixed annual base salary, pension and other employment benefits, share purchase opportunities, a short-term incentive and a long-term incentive. The combination of these various components aims to create a balanced package – one which reflects the performance of both the Company and the individual executive, as well as the roles' respective scope. The remuneration components are each set at a level to be market competitive and, in the case of incentives, also competitive against different performance scenarios. The relative size of the various components of the remuneration package could vary.

## **3.2 Annual base salary**

Salaries are set at a level to attract and retain individuals who have the necessary skills, experience, attributes and qualifications to successfully lead the business. When determining a salary or reviewing it, the Remuneration Committee will consider a number of dimensions including the role's scope, the individual's location, experience and expertise, the Company's operating conditions, Company performance, external economic indicators and relevant market benchmark assessments. Individual performance is also considered, as is information on the broader salary review budgets used elsewhere in the organization. Market data will be carefully selected using industry peer groups and companies of a similar size, scale and complexity. The impact of pay decisions on other elements of the remuneration package is additionally evaluated.

Salaries are usually reviewed annually. They may be adjusted outside of the normal review cycle in exceptional circumstances, for example, to reflect any material change in role, responsibility, person capability or company context such as a significant acquisition.

## **3.3 Pension**

The Company provides pension plans in accordance with prevailing legislative and regulatory requirements, offering benefit levels which are intended to be locally market competitive.

Members of the Executive Management are eligible to participate in the Company's defined contribution pension arrangements. Annual employer contributions are normally between 7-16% of the executive's annual base salary, depending on the individual's contractual base location. The terms of the pension plan offered to the Executive



Management are consistent with those available to other employees of the Company. Members of the Board of Directors are not eligible for pension plan membership.

### **3.4 Benefits and expenses**

In line with local Norwegian market practice, members of the Executive Management may receive a range of employment benefits, including but not limited to paid annual leave, company car or transportation allowance, telephony, internet access, medical cover and other insurances, training and education etc. Where relevant, members of the Executive Management may also receive expatriate or relocation-related benefits, including relocation costs and allowances for housing or school tuition fees.

The value of the employment benefits represents only a small part of the total remuneration of the individual members of the Executive Management, typically around 5% - 10% of their annual base salary.

Expenses incurred by Executive Management related to business travel, conferences, education and similar are reimbursed in line with the Company's relevant policies.

### **3.5 Employee Share Purchase Plan**

The Company has developed an Employee Share Purchase Plan ("ESPP"), aimed at creating an ownership mindset across the organization. The intention is to foster an engaged employee community who can share in the successes of the Company as it grows and matures.

Under the ESPP all employees are offered to purchase shares at a discounted share price. The shares bought under the program are subject to a lock-up period to align shareholder interests and increase retention of participating employees within the group. Participants in the program are eligible to receive matching shares if performance targets set out by the Board of directors are met, the participants are still employed in the Company and the investment shares are held throughout the lock-up period.

Members of the Executive Leadership will have the opportunity to participate in the ESPP alongside other employees of the Company. The plan will not be available to the Board of Directors.

If the subscribed number of shares exceeds the board resolution ("Oversubscription"), subscription amounts will be proportionally adjusted.

### **3.6 Short-term Incentive**

The short-term incentive arrangement ("Bonus Plan") gives focus to the Company's annual priorities and is intended to contribute to the execution of strategy. Members of the Executive Management and other qualifying employees are covered by the Bonus Plan once its terms have been approved by the Board of Directors for the relevant financial year. The Board of Directors do not participate in the Bonus plan.

Bonus payments in respect of any single financial year can be up to 50% of annual base salary.

The amount of bonus payable is based on performance against key performance indicators ("KPIs") which are targeted against the financial year in question. These KPIs are defined annually and can be both financial and non-financial in nature. Upon deciding on performance criteria, the board of directors will use performance metrics



that is linked to the strategic and operational business plans, in addition to the longer-term sustainability of the Company.

Financial performance can cover aspects such as revenue growth, profit generation, cashflow, or elements of the balance sheet. Non-financial performance can be aligned to specific business objectives such as organizational transformation, or metrics connected to, for example, employee engagement, market share or Environmental Social or Governance (“ESG”) matters. The KPIs are generally targeted against the performance of the Company and the individual, but they could also relate to the performance of a business division or a specific event, such as an acquisition or disposal, large and/ or strategic important contracts. Financial performance will typically account for the larger proportion of the Bonus Plan in years when non-financial KPIs are used.

The KPIs will be targeted against a threshold, below, on-target and maximum level of performance. The specific targets are intended to promote achievement of the operating plan, with stretch targets aligned to out-performance. Awards arising from the Bonus Plan are paid out in cash after adoption of the annual report by the shareholders at the General Meeting. There is no automatic right to a payment arising from the Bonus Plan unless relevant legislation applies to the contrary.

Bonus awards are pro-rated for time served in the role for new appointments, promotions and good leaving reasons (which can include, but is not limited to, severance, retirement, disability and death in service).

### **3.7 Long-term Incentive**

#### *3.7.1 Purpose*

The long-term incentive plan (“LTIP”) links the reward of Executive Management with the performance of the organization on a long-term horizon, taking into consideration the Company’s growth ambitions and strategic plans. It is designed to strengthen the executives’ retention through the awarding of rolling annual LTIP grants.

#### *3.7.2 Participation*

Under the LTIP, members of the Executive Management are awarded a conditional grant of share options and performance share units (“PSUs”) following approval by the Board of Directors. The share options are issued to focus the executives on such activities which promote share price appreciation. The PSUs are issued to provide a mechanism to incentivize and reward the achievement of strategic goals, in pursuit of sustainable value creation. Both incentive vehicles therefore encourage LTIP participants to act in the best interests of the Company for the benefit of shareholders and wider stakeholder groups.

Employees below the Executive Management may be enrolled in the LTIP from time-to-time, with approval from the Board of Directors on the recommendation of the Remuneration Committee. The Board of Directors has the discretion to award these participants in the form of share options, PSUs and/or restricted shares (i.e. which are subject to continued employment only).

There is no automatic right for any employee of the Company to receive an LTIP grant and participation in the LTIP may therefore change from one grant cycle to another.

Members of the Board of Directors will not participate in the LTIP.

#### *3.7.3 LTIP grants*

The Board of Directors approves the weighting of the share options and the PSUs that comprise the annual LTIP grant for members of the Executive Management. The weighting will normally be an even balance, but the instruments can be differentially weighted depending on the Board of Directors’ judgement.



The face value of an executive's LTIP award, at the time of the grant, will not exceed 130% of the annual base salary then applicable, even assuming a maximum level of performance under the LTIP. No payment is due for the grant of an LTIP award.

The executives are not permitted to use their LTIP grants for pledging purposes.

#### *3.7.4 Mechanics*

The share options will have an exercise price set at 10% above the value of a traded ordinary share of the Company averaged over a number of calendar days prior to the grant date, not exceeding 90 calendar days. If the volatility in the averaged share price puts the grantees in a tax position of having been given shares at reduced market price, the remuneration committee holds the right to take corrective actions. Under normal circumstances, the options will vest in one tranche after 36 months. They will be exercisable for a period of up to 36 months following the vesting date. All vested and unexercised options will therefore lapse on the 6th anniversary of the grant date unless the Board of Directors specifies that an earlier lapse date is applicable. Members of the Executive Management are required to retain shares arising from the exercise of share options for a period of 24 months following the exercise date whilst they remain in the employment of the Company.

The PSUs are granted subject to the fulfilment, in part or in full, of two or more KPIs linked to the Company's performance, as approved by the Board of Directors. The KPIs are usually measured over three financial years and are targeted to promote stretching yet achievable levels of performance. The KPIs are generally financial in nature but could also include market or strategic measures and be assessed on an absolute or relative basis. If performance is not reached at a threshold level, no PSUs will vest and no compensation in lieu of them will be provided if this occurs, except in extraordinary circumstances. No additional remuneration is made if the maximum target is exceeded. Such PSUs to vest are converted to ordinary shares in the Company on a 1:1 basis on the vesting date.

The Company will use less than 1% of its issued share capital to satisfy executive- and employee incentives at any one time.

#### *3.7.5 Dividend equivalents*

If the Company distributes dividends to its shareholders during the performance period, the Board of Directors may approve the awarding of dividend equivalent ordinary shares in the Company proportionate to the number of PSUs that have vested following the end of each LTIP grant cycle. This approach further aligns Executive Management's interests with that of the shareholders.

#### *3.7.6 Starters and leavers*

Newly-recruited members of the Executive Management will, in their first year of employment, receive an LTIP grant, which can be adjusted to reflect when the employment began within the performance / vesting periods.

Unless good leaver treatment applies, qualifying the executive for a time pro-ration of his/her granted LTIP award, all granted and unvested / unexercised share options and PSUs will lapse on the date notice is served to terminate the executive's employment.

#### *3.7.7 Change of Control and other corporate events*

In the event of a change in control over the Company, the Board of Directors may decide to allocate shares corresponding to some or all the PSUs that have been granted, having regard to performance against the KPIs. Unvested options will become exercisable. Upon completion of a change in control, any remaining PSUs and outstanding share options shall terminate without notice and without compensation.



Alternatively, the Board of Directors may determine to roll over any unvested PSUs and share options into a new plan.

With approval from the Board of Directors, the size of an LTIP grant can be adjusted proportionately during the performance / vesting periods to reflect changes in the Company's capital structure.

### **3.8 Claw back / adjustment of remuneration**

In the event incentive remuneration has been provided to a member of the Executive Management based on data or accounts that were materially and manifestly misstated or due to a miscalculation or other error, the Company shall have the right to reclaim/claw-back remuneration that was awarded based partly or wholly on such information. In addition to the clawing back of remuneration, the Board of Directors also has the right to make proportionate adjustments by offsetting other remuneration including salary, bonuses yet to be paid and unvested LTIP grants.

The recoupment or offsetting of remuneration that is paid and/or vested is subject to the application of any applicable legislation and contractual terms that are in place governing awards made prior to the adoption of this Remuneration Policy.

### **3.9 Share ownership**

Members of the Executive Management are required to build a holding of shares in the Company, subject to terms determined by the Board of Directors. The shareholding levels are noted below:

- Chief Executive Officer: 200% of annual base salary
- Chief Financial Officer: 150% of annual base salary
- other members of the Executive Management: 80% of annual base salary

The holding is accumulated over a 5-year period and, once the level has been reached, it must be maintained until the executive leaves the Company. PSUs and share options do not count towards the holding. During the accumulation period, shares may be sold to cover tax and any other statutory liabilities associated with their acquisition, and for other circumstances as may be determined by the Remuneration Committee.

### **3.10 Notice periods, termination and severance**

Employment agreements with members of the Executive Management are normally ongoing (i.e. without a fixed term) and the notice period on the part of the Company for the members of Executive Management can be up to 12 months. The Board of Directors will have regard to relevant corporate governance practice and may incorporate shorter notice periods for new appointments. The notice period on the part of the individual members of the Executive Management shall be at least six months.

The Board of Directors envisages that only in exceptional circumstances would change of control benefits (e.g. prolonged termination notice or right to terminate the employment with rights as if terminated by the company) be provided in the future to new members of the Executive Management. Full disclosure of such terms would be given to shareholders in the remuneration report, as is the case for the current members of the Executive Management.



The aggregate severance pay, if any, during the notice period, including salary during the notice period (but excluding any incentive programs granted prior to termination and any potential compensation for a non-competition clause) cannot exceed an amount corresponding to 24 months of total remuneration. The Board of Directors may determine that the severance pay is remitted on a phased monthly basis and that mitigation applies, i.e. to offset, if other remunerative work is initiated prior to the expiry of the notice period.

In order to protect the Company's interests, members of the Executive Management are normally subject to a non-competition restriction of up to 12 months. The Board of Directors can waive or amend the terms of the restricted covenant not regulated by laws, including potential payment of compensation, but will not lengthen the duration of it.

### **3.11 Exceptional remuneration**

The Board of Directors may award newly appointed members of the Executive Management an extra-ordinary one-off cash and/or share-based award in connection with their recruitment, which could be with or without performance conditions attached. This could be to compensate for items such as forfeited remuneration or costs associated with the executive leaving an appointment to join the Company. As a point of principle, any exceptional remuneration would be subject to ongoing employment for a specified period and only made where loss could be substantiated, or it was in shareholders' interests.

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