

CORPORATE GOVERNANCE REVIEW 2021

Q-Free aims to protect and enhance shareholders' investments through sustainable good corporate governance and has established principles and guidelines that define the roles and relationships between the shareholders, the Board of Directors and the executive management of the company.

Q-Free is subject to corporate governance reporting requirements according to section 3-3b of the Norwegian Accounting Act and the Continuing obligations of stock exchange listed companies at Oslo Børs, where the shares of Q-Free ASA are actively traded. Further, the company is subject to the reporting requirements of the Norwegian Code of Practice for Corporate Governance.

This review of the company's corporate governance principles and practices is prepared in compliance with the Norwegian Code of Practice for Corporate Governance as per 14 October 2021, and the company's compliance with the 15 recommendations of the Code is explained in the following. The Norwegian Code of Practice for Corporate Governance is available on www.nues.no.

1. IMPLEMENTATION OF AND REPORTING ON CORPORATE GOVERNANCE

The aim of the Norwegian Code of Practice for Corporate Governance (NUES) is to ensure that companies listed on regulated markets in Norway follow corporate governance principles that clarify the role of shareholders, the board of directors, and the day-to-day management beyond what follows from legislation.

The principles and implementation of corporate governance is subject to annual reviews and discussions by the company's Board of Directors.

Q-Free has no deviations from the recommendations in the Code of Practice in 2021.

Q-Free operates worldwide and our operations are characterized by high ethical standards and trustworthy behavior, a customer-oriented offering, and excellence in execution.

Q-Free's values support the Company's strategy and guide decisions and attitudes internally and externally. The core values are:

- Excellence
- Passion
- Innovation
- Collaboration

Q-Free has established a Code of Conduct (COC), guidelines for Corporate Social Responsibility (CSR), and an Anti-Corruption policy based on the company's vision and values. The Code of Conduct provides guidelines on how to behave both internally and externally and contributes to ethical behavior in day-to-day business.

The COC and CSR principles apply to all members of the Board, managers, employees, contracted consultants, representatives and everyone else acting on behalf of Q-Free.

The company endeavors to make its COC and CSR guidelines known to its business partners and are also publicly available on www.q-free.com.

Deviations from the Code of Practice: None.

2. BUSINESS

Q-Free is a leading global supplier of ITS (Intelligent Transportation Systems) products and solutions. Q-Free operates worldwide with headquarters in Trondheim, Norway, and with offices in 15 countries and presence on all continents.

The company has described its operations in the Articles of Association:

“The Objective of the company is, by itself or through ownership in other companies, to engage in research, development, production, operations and sale of information technology products and systems plus everything therewith connected.”

The company's Articles of Association are available at www.q-free.com.

The Group's objectives and principal strategies are described in the strategy section of the annual report.

The Board of Directors defines clear objectives, strategies and risk profiles for the Company's business activities such that the company creates value for the shareholders in a sustainable matter. When carrying out this work, the Board of Directors takes into account financial, social and environmental considerations. The Annual Report contains a description of the company's objectives and principal strategies.

The Board of Directors evaluates the company's objectives, strategies and risk profiles annually.

Deviation from the Code of Practice: None.

3. EQUITY AND DIVIDENDS

Q-Free ASA's share capital, as per 31.12.2021, totals NOK 42,272,878.08, divided into 111,244,416 shares, each with a par value of NOK 0.38. The shares are freely traded at the Oslo Børs.

Equity

Q-Free's policy is to maintain a satisfying equity ratio to provide a platform for the company's expected expansion and growth. If needed to finance growth, specific projects or transactions, the Board of Directors can propose for the General Meeting that the Board is given mandates to issue new equity. Per 31 December 2021 the Group's equity amounted to NOK 448 million, representing an equity ratio of 47 percent. The Board has a continuous focus on adapting the company's objectives, strategy and risk profile to the company's capital situation. See note 6 in the 2021 Financial statement for further information about the Company's capital structure management.

Dividend policy

Q-Free has an objective to give the shareholders a stable and competitive long-term return on investment. The company is in a growth phase and current strategy is to invest the free cash flow to position Q-Free for future growth.

Q-Free has not distributed dividends in the last three years.

Mandates to the Board

Mandates granted to the Board to increase the company's share capital are restricted to defined purposes and in separate mandates, and thus in accordance with the recommendation. Pursuant to the Code, mandates granted to the Board are limited in time to no later than the date of the next annual General Meeting. The General Meeting is given the opportunity to vote on every purpose covered by the authorisations.

At the Annual General Meeting 20 May 2021, the Board was granted an authorisation to increase the share capital by the subscription on new shares in order to be able to support further growth of the Company, organically or inorganically. The authorisation mandates the Board to increase the share capital, in one or several occasions, with as much as NOK 3,858,080.70 by the issue of as much as 10,152,844 shares, equivalent to approximately 9.13% of the issued shares, each with a par value of NOK 0.38 per share with a right to disregard the existing shareholder's preferential rights according to the Public Limited Companies Act sections 10-4 and 10-5. The mandate is limited for one year, and valid until the next Annual General Meeting but nevertheless no longer than 30 June 2022.

Further, at the Annual General Meeting 20 May 2021, the Board, as part of the carrying out of the established incentive programs towards leading executives and the CEO, through the possibility to subscribe shares in the company, was granted an authorisation to increase the share capital with as much as NOK 369,206.96 which corresponds with 971,579 shares (0.87%), each with a par value of NOK 0.38, through one or more private placements with cash deposits towards leading executives and key personnel. The existing shareholder's preferential rights according to the Public Limited Companies Act sections 10-4 and 10-5 can be deviated from. The authorisation is valid until the next Annual General meeting but no longer than 30 June 2022.

Deviation from the Code of Practice: None.

4. EQUAL TREATMENT OF SHAREHOLDERS

Q-Free has one class of shares and each share represents one vote. Each share has a nominal value of NOK 0.38. All shareholders will be treated equally and have the same influence.

An increase in the Company's share capital may be proposed if the Board of Directors decides that this would best take care of shareholders' long-term interests. Normally, the Board of Directors will propose that share issues are directed to existing shareholders in accordance with their preferential rights. However, if the Board has been given an authorisation from the general meeting to carry out a private placement for a special purpose, the Board may decide to waive the pre-emption rights of existing shareholders. Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital are justified and publicly disclosed in a stock exchange announcement pursuant to the Code.

In 2021 the Board was given two authorizations by the general meeting to increase the share capital with a total of 10% (9.13% + 0.87%) of the issued shares, with a right to disregard the existing shareholder's preferential rights according to the Public Limited Companies Act sections 10-4 and 10-5. The authorizations have not been used.

Deviation from the Code of Practice: None

5. SHARES AND NEGOTIABILITY

Q-Free has no form of restrictions limiting any party's ability to own, trade or vote for the shares in the company, and has no intension to put forward any such proposals to the General Meeting. The Articles of Association have no restrictions on free negotiability.

Deviation from the Code of Practice: None

6. GENERAL MEETINGS

The General Meeting is the company's supreme governing body, and all shareholders are given the opportunity to participate and exercise their rights. The Annual General Meeting has adopted the Articles of Association where §6 regulates the notice period, right to attend and agenda proposals.

The Board of Directors ensures that:

- the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered in the meeting
- any deadlines for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible
- the members of the Board of Directors and the chairman of the Nomination Committee attend the general meeting
- the general meeting is able to elect an independent chairman for the general meeting

Shareholders are able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting are given the opportunity

to vote. The company designs the form for the appointment of proxy to make voting on each individual matter possible and nominates a person who can act as a proxy for shareholders.

The Chair of the Board, Chair of the Nomination Committee, Chair of the Audit Committee, Chair of the Remuneration Committee, the CEO and auditor are present to respond to any questions and queries. The Chair of the Board and the Chair of the Nomination Committee assess on a case-by-case basis, based on the agenda of the general meeting, whether all members should participate.

Deviation from the Code of Practice: None

7. NOMINATION COMMITTEE

The company has a Nomination Committee, and the Nomination Committee is laid down in the Company's articles of association §7. The general meeting stipulates guidelines for the duties of the Nomination Committee, elects the chairperson and members of the Nomination Committee and determines the committee's remuneration.

The Committee shall consist of three members chosen by the General Assembly based on recommendation from the Committee, with a term of office of two years. The Chair of the Committee shall be chosen by the General Assembly. The members of the Committee should be changed regularly, while still securing continuity for the Committee.

The Nomination Committee has contact with shareholders, the Board of Directors and the Company's executive personnel as part of its work on proposing candidates for election to the Board.

The members of the Nomination Committee are selected to take into account the interests of shareholders in general. The majority of the committee are independent of the Board of Directors and the executive personnel. The Nomination Committee does not include executive personnel or any member of the Company's Board of Directors.

The Nomination Committee's duties are to propose candidates for election to the Board of Directors and Nomination Committee and to propose the fees to be paid to members of these bodies.

The Nomination Committee justifies why it is proposing each candidate separately.

The Company provides information on the membership of the committee and any deadlines for proposing candidates on the Company's website.

Q-Free is not aware of the existence of any agreements or business partnerships between the Company and any third parties in which members of its Nomination Committee have direct or indirect interests. All members of the Nomination Committee are independent of the Board of Directors and members of management.

The Company does not have a corporate assembly.

The Nomination Committee composition as at 31.12.2021:

Name	Company	For election
Fredrik Thoresen	Andenæsgruppen	2023
Øystein Elgan	Rieber & Søn AS	2023
Jon Øyvind Eriksen	Sonstad AS	2023

Deviation from the Code of Practice: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Company does not have a corporate assembly.

Composition of the Board

Pursuant to the company's Articles of Association § 5, the Board of Directors shall have 5–8 members.

The Nomination Committee recommends the Board composition to the General Meeting and ensures that the composition of the Board of directors supports the common interests of all shareholders and meet the company's need for expertise, capacity and diversity as well as ensuring that the Board can function effectively as a collegiate body.

The members of the Board are elected for a period of two years and may be re-elected. The General Meeting elects the Chair of the Board. The Vice Chair is elected by the Board for a period of one year. An overview of the members of the Board and their competences is available on the company's website www.q-free.com and in the annual report.

As of 31 December 2021, the Board of Directors comprised of seven members, whereof two elected by and amongst the Group's employees. The Board consist of two shareholder-elected women and three shareholder- elected men, hence the gender diversity requirement pursuant to Norwegian legislation is fulfilled. The Board had the following changes in the shareholder-elected composition during 2021: Karin Sandsö and Lene Diesen were elected as new members of the Board, and Ingeborg Molden Hegstad and Trine Strømsnes resigned as members of the Board.

The Chair of the Board, Trond Valvik, holds the position as Investment Director in the company's largest shareholder, Rieber & Søn AS. The other board members are independent of the company's main shareholders.

Board of Directors Composition as at 31.12.2021:

Name	Position	Service since	Elected until AGM	Shareholding in Q-Free ASA (direct or indirect)
Trond Valvik*	Chair	2017	2023	250 000
Snorre Kjesbu	Vice Chair	2016	2022	84 505
Geir Bjørlo	Board member	2020	2022	117 146
Karin Sandsjö	Board member	2021	2023	60 000
Lene Diesen	Board member	2021	2023	0
Brage Blekken	Employee-elected member of the Board	2020	2022	0
Yngve Halmø	Employee-elected member of the Board	2020	2022	0

* Valvik holds the position as Investment Director in Rieber & Søn, which as per 31.12.2021 owned 51,514,007 (46.31%) shares in Q-Free ASA.

Participation in Board meetings in 2021:

Name	Board meeting	Audit Committee	Remuneration Committee
Trond Valvik	16	5	
Snorre Kjesbu	16	3	
Geir Bjørlo	17		2
Karin Sandsjö*	8	2	
Lene Diesen**	8		2
Brage Blekken	17		2
Yngve Halmø	17		
Ingeborg Molden Hegstad ***	9		5
Trine Strømsnes****	9		1

* Karin Sandsjö serves as board member from 20 May 2021

** Lene Diesen serves as board member from 20 May 2021

*** Ingeborg Molden Hegstad served as board member until 20 May 2021

**** Trine Strømsnes served as board member until 20 May 2021

Independence of the Board

Q-Free is not aware of the existence of any agreements or business partnerships between the company and any third parties in which its directors have direct or indirect interests. The members of the Board are independent from the company's management, and the executive management is not represented in the Board. More than two members of the Board are independent of the main shareholders.

The members of the Board of Directors have no share options or synthetic options in the company. Members are encouraged to own shares in the company.

Deviation from the Code of Practice: None

9. THE WORK OF THE BOARD OF DIRECTORS

Instructions

The Board has issued instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties. The purpose of the instructions is to describe the role and functions of the Board and the interaction with the executive management of the company. The instructions state how the Board and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board will present any such agreements in the annual report. In 2021, no such agreements were entered into.

In the event that the Chair is absent, the meeting will be chaired by the Vice Chair.

According to the Code of Conduct, members of the Board and the executive management are obliged to notify the Board in case of any material direct or indirect interest in a transaction entered into by the company.

In matters of a material character in which the Chair of the board is, or has been, personally involved, the Board's consideration of such matters will be chaired by some other member of the Board.

The Board's proceedings and minutes are in principle confidential unless the Board decides otherwise. This is pursuant to the instructions to the Board.

Audit Committee

The Public Companies Act stipulates that large companies must have an Audit Committee. Two out of seven members of the Board have been elected by the Board to the Audit Committee.

The Board approved an instruction for the Audit Committee in 2006, revised in 2008, 2013, 2015 and 2021. The Audit Committee's main responsibilities are to supervise the company's internal control systems and to ensure that the auditor is independent and that the annual accounts and quarterly reporting gives a fair view of the company's financial results and financial condition in accordance with generally accepted accounting principles.

The Audit Committee reviews the procedures for risk management and financial controls in the major areas of the Company's business activities. The Audit Committee receives reports on the work of the external auditor and the results of the audit. In addition, the committee reviews the company's work on Corporate Governance.

Audit Committee composition as at 31.12.2021:

Trond Valvik (Chair)

Karin Sandsjö

Remuneration committee

Two members of the Board have been elected by the Board to act as Remuneration Committee, for a period of two years.

The Board approved an instruction for the Remuneration Committee in 2006, which was further revised in 2008 and 2019.

The Remuneration Committee makes proposals to the Board regarding employment terms and conditions and total remuneration of the CEO and incentive-based remuneration for other senior management employees. These proposals are also relevant for other employees entitled to variable salaries. The Board makes comparisons with other companies when deciding the terms and conditions and remuneration of the CEO.

Remuneration Committee composition as at 31.12.2021:

Geir Bjørlo (Chair)

Lene Diesen

Technology Board Committee

The Board established a Technology Board committee late 2018. The Committee was decided to be temporary discontinued in 2020.

The Board's evaluation of its own work

The Board of Directors evaluates its performance annually and present the evaluation to the Nomination Committee. The assessment is executed using questionnaires which are completed by each director followed by a common review.

Deviation from the Code of Practice: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ensures that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities.

The Board carries out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

The Company's main business risks are closely monitored and discussed by the Executive Management team and documented in a central risk register. The register includes an overview of the most significant risks for the Company and a description of how these risks are addressed and shall be mitigated. Moreover, a risk assessment is part of all major bids, delivery and development projects.

In addition to the risk register, the Company has also established a business continuity plan and procedures for crisis management in case of unexpected incidents/events that could have a materially adverse effect on the business. The emergency team meets 3 to 4 times per year to discuss and practice how the Company should handle crises or emergencies. This was a main reason why the Company was able to respond swiftly to the Covid-19 pandemic during 2020 and 2021.

To ensure internal financial and business control, management prepares monthly performance reports for review by the Board. The reports cover financial and business updates as well as major risk items. In addition, quarterly financial reports are prepared and reported to the financial market in accordance with the requirements from Oslo Børs. These quarterly financial reports are first presented to the Audit Committee, which reviews the reports prior to Board meetings where the reports are formally approved. The auditor takes part in the Audit Committee's meetings at least twice a year and meets with the entire Board in connection with the presentation and approval of the annual financial statements.

The model for internal financial reporting and control is reviewed on a regular basis to ensure that the reporting system reflects the Group's main business activities, opportunities and risks. The Group also has a chart of authority in place to ensure financial control with respect to approval of contracts and expenses. The chart of authority is updated regularly, approved by the Board and implemented in relevant position descriptions.

To ensure internal control with processes, policies, and procedures the Company has established a management system. All employees are trained in our management system – the "Q-Free way" of working. Knowledge sharing between employees is performed through our process documentation and leads to continuous improvements. The management system also ensures that responsibilities are defined and communicated within the organization. The following areas represent the key parts of our management system:

- Quality is an essential part of our management system to ensure focus on risk management, process management, and continuous improvement in all core and support processes. Q-Free Norway is certified according to ISO 9001.
- Environment is an integrated part of Q-Free's management system to emphasize our positive environmental role externally and ensure we "walk the talk" internally. Q-Free Norway is certified according to ISO 14001.
- Health and safety is another key part of our management system. Q-Free must provide safe and healthy workplaces by preventing work-related accidents, injuries, and bad health among employees and contractors. Q-Free Norway is certified according to ISO 45001.
- Information security has become an important part of Q-Free Tolling management system, and several policies and procedures are established to ensure information security. Information security training and awareness are also completed. Q-Free Netherlands with its products and supporting ICT systems are certified according to ISO 27001.

Our Quality, H&S, Environment, and Information security policies are publicly available on the website.

Deviation from the Code of Practice: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting approves the Board's remuneration each year based on a proposal from the Nomination Committee. The remuneration of the board reflects the board's responsibility, expertise, time commitment and the complexity of the company's activities.

Remuneration for the period from the Annual General Meeting of 2021 to the Annual General Meeting of 2022:

The Chair of the Board: NOK 460,000
The Vice Chair of the Board: NOK 310,000
Members elected by the shareholders: NOK 260,000
Members elected by the employees: NOK 95,000
Chair of sub-committees of the Board: NOK 11,500 per day of meeting
Members of sub-committees of the Board (shareholder-elected members): NOK 9,000 per day of meeting
Members of sub-committees of the Board (employee-elected members): NOK 4,500 per day of meeting

Beyond the scope of Board responsibility, board members could from time to time take on certain consultancy projects for the company. Such projects are defined by the Board of Directors and occur on a limited basis. Board members are compensated for such work according to separate agreements approved by the Board of Directors.

The Directors' fees are as of 31 December 2021 not linked to performance. The members of the Board have no share options in the company.

Any remuneration in addition to normal director's fee will be specifically identified in the annual report.

The total compensation to members of the board of directors is disclosed in the board of directors' report on salary and other remuneration for leading personnel for 2021 which may be found at the company's website. For further information about remuneration of the Board, also see Note 12 in the 2021 financial statements.

Deviation from the Code of Practice: None

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Q-Free guidelines for salary and other remuneration to leading personnel were approved at the Annual General meeting 20 May 2021. The guidelines are clear and easily understandable and contribute to the company's commercial, long-term interests and financial viability. The guideline is available at the company's website.

Remuneration to members of the company's management is vital for harmonizing the Company's interests with the interests of the leading personnel. The main purpose of the guidelines is to allow shareholders to influence the parameters of the salary and other kinds of remuneration, creating a culture for remuneration that promotes the Group's long-term interests, business strategy while ensuring shareholders influence and the Company's financial sustainability.

Q-Free is a leading international Company within its area of business. To maintain and to strengthen its market position, and to reach the objectives the Board has set for the Company, Q-Free is dependent on recruiting and keeping highly competent employees, leaders included. The Company must therefore grant competitive wages to its leading employees.

Performance-related remuneration is subject to an absolute limit.

The total compensation to members of the executive management is disclosed in the board of directors' report on salary and other remuneration for leading personnel for 2021 which may be found at the company's website. For further information also see Note 12 and 13 in the 2021 financial statements.

Deviation from the Code of Practice: None

13. INFORMATION AND COMMUNICATIONS

Q-Free wants to maintain an open dialogue with the capital market, and holds open presentations for investors, analysts and others on a regular basis. The company aims to maximize shareholders' values, in such a way that the return on investment measured by dividends and increased share price at least match that of alternative investments involving similar risk.

Regular information will be published through the Annual Report and the quarterly reports and open presentations, at the same time as the information is published on the company's website. The quarterly results are also made available through webcast. Q-Free will also provide information on its major value drivers and risk factors through the interim reporting, which will enable investors to evaluate the company's risk and performance. Q-Free publishes an overview each year of the dates for major events. The annual report will be published within four months after year-end.

The CEO and CFO are responsible for the investor relations and all communication with the capital market. This is regulated in the company's Chart of Authority. If required, the Chair of the Board or appointed members of the Board will assist. All information is communicated within the framework established by securities and accounting legislation and the rules and regulations of the Oslo Børs.

Q-Free comply with the Oslo Børs Code of Practice for Investor Relations of 1 March 2021. All information relevant to the company's shareholders is published on Oslo Børs and made available on the company's website www.q-free.com.

Q-Free has published responsibility for the company's contact with shareholders and others on the Company's website.

Deviation from the Code of Practice: None

14. TAKEOVERS

Q-Free Board of Directors will handle takeover bids in accordance with Norwegian law and the Norwegian Code of Practice for Corporate Governance. There are no defense mechanisms against acquisition offers in the articles of association or in any underlying steering document. Neither have the company implemented any measures to limit the opportunity to acquire shares in the company.

Deviation from the Code of Practice: None

15. AUDITOR

The company's external auditor is appointed by the general meeting and is responsible for the financial audit of the parent company and Group accounts. The auditor is independent of Q-Free ASA.

The external auditor of Q-Free ASA annually presents a plan to the Audit Committee covering the main focus for the audit. The external auditor participates in at least two meetings of the Audit Committee every year, and one Board meeting where the annual accounts are approved. Other meetings are attended by the auditor as requested. The annual audit results include a presentation of any material changes in the company's accounting principles, accounting estimates and report any material matters in case of disagreements between the external auditor and the management.

At least once a year, a meeting is held between the auditor and the Board without the presence of the CEO or other members of executive management. The Audit Committee has a specific obligation to survey the auditor's independence and qualifications, and to propose candidates for external audit of the company to the General Meeting.

In 2019 Q-Free ASA arranged a competitive tendering among several auditor companies, and EY AS was elected as the new auditor for the company. Independent external auditors have also been appointed for all subsidiaries of Q-Free ASA which have requirements for a statutory audit.

The external auditor has given the Board of Directors a written notification confirming that the requirements for independence are satisfied.

The auditor attends the Annual General Meeting and informs about the auditor's report and remuneration for the year. This year's auditor's report follows the notes in the annual report. For further information about remuneration of the auditor, see Note 23 in the 2021 financial statements.

The company has established a pre-approval policy related to non-audit services from the auditor. To the extent that the auditor is providing non-audit services, this is discussed separately on case-by-case basis prior to engagement, to ensure that there are no conflict of interest. All engagements beyond audit related services are to be approved by the Audit Committee. The Audit Committee may issue power of attorney to the administration with absolute limits for engagements beyond audit related services.

Deviation from the Code of Practice: None