

THE NOMINATION COMMITTEE OF KITRON ASA

The nomination committee (the "**Nomination Committee**") consists of Ola Wessel-Aas (chairperson), and Ole Petter Kjerkreit.

RECOMMENDATIONS TO THE ANNUAL GENERAL MEETING OF KITRON ASA, 30 APRIL 2019

1. Introduction

According to Kitron ASA's Articles of Association, the Nomination Committee shall submit to the General Meetings its proposals in respect of the following matters:

- Proposals for remuneration to the members of the Board of Directors
- Proposals for candidates for election to the Board of Directors
- Proposals for candidates for election to the Nomination Committee
- Proposals for remuneration to the members of the Nomination Committee

The Nomination Committee has held four meetings in connection with the preparation of this proposal.

The Nomination Committee has been in contact with the company's largest shareholders, the company's board of directors (the "**Board of Directors**" or "**Board**") and the company's executive personnel as part of its work on proposing candidates for election to the Board of Directors.

Through this process, the Nomination Committee has obtained information from various sources to make its recommendation as set out herein.

2. Proposal for remuneration to the Board of Directors and Board committee members

2.1. Remuneration to the Board of Directors

At the Annual General Meeting in 2018, a new structure for board remuneration was resolved whereby the members of the Board of Directors may choose to receive remuneration either (i) partly in cash and partly shares of the company or (ii) fully in cash, see further details below.

The optionality to receive shares has been welcomed by the Board and facilitates further ownership of shares in the company by Board members, in line with the recommendations of the Code of Practice for Corporate Governance section 11. The committee has not been made aware of any circumstances that implies a need to adjust the structure for remuneration to Board members, which seems to be functioning well.

With respect to the level of Board remuneration, the Nomination Committee finds an increase of approximate 3% as appropriate.

Based on the Nomination Committee's preparatory work, the Nomination Committee proposes to continue the remuneration structure where Board members may invest in the company's shares as set out below. The Board members may choose to receive their full remuneration in accordance with one of the alternatives set out below:

Alt. (i) Cash and shares alternative:

Board members may choose to receive their remuneration partly in cash and partly in shares as set out below. Choosing this alternative will establish a right and an obligation to acquire shares in the company (the "**Share Remuneration**").

In case of the Share Remuneration, the remuneration to the Chairman of the Board shall be NOK 498,500 (up from 484,000) per year, and ordinary Board members shall receive a remuneration of NOK 249,000 (up from 242,000) per year.

Board members shall have an obligation to acquire a number of shares in the company having a market value corresponding to at least 25% of the gross total remuneration paid to such Board member (excluding remuneration as chair/member of Board committees).

The Nomination Committee deems it most appropriate to leave it to the company to decide how the Board member shall acquire the shares based on the following key principles:

- The shares shall be acquired at market price.
- The shares should be acquired by the Board members as soon as practically possible after the General Meeting has been held. The Board members should preferably acquire the shares at the same time.
- The acquisition of shares must be made in accordance with applicable legislation and Kitron's internal routines for handling inside information and rules for primary insiders.
- The shares shall be acquired with a long-term ownership perspective.
- Deputy Board members may not choose to participate in the Share Remuneration.
- Each Board member is responsible for taxes, charges and fees levied upon them as a consequence of acquiring shares in the company as part of the Share Remuneration.

Alt. (ii) Cash alternative:

Board members may choose to receive their full remuneration in cash (the "**Cash Remuneration**").

In case of the Cash Remuneration, the remuneration to the Chairman of the Board shall be NOK 416,000 (up from 404,000 in 2018) per year, and ordinary Board members shall receive a remuneration of NOK 208,000 (up from 202,000 in 2018) per year.

2.2. Remuneration to members of committees under the Board of Directors

The Nomination Committee proposes that the remuneration to the members of the company's audit committee and the company's remuneration committee for the coming year shall increase with NOK 200 per meeting.

2.3. Summary

Based on the above, the Nomination Committee proposes the following remuneration the Board members for the coming year, from and including May 2019, and to and including April 2020:

Chairman of the Board	NOK	498,500 (cash + shares) per year, or 416,000 (cash) per year
Other Board members	NOK	242,000 (cash + shares) per year, or 208,000 (cash) per year
Chairman of the Audit Committee	NOK	7,200 per meeting*
Other Audit Committee members	NOK	6,200 per meeting*
Remuneration Committee members	NOK	4,200 per meeting*

* Subject to attendance

3. Proposals for candidates for election to the Board of Directors

3.1. Introduction

Pursuant to the Articles of Association, Kitron ASA's Board of Directors shall have from three to six shareholders' elected members as resolved by the General Meeting.

As from 2017, the members to the Board of Directors have been elected for a term of one year. The Nomination Committee proposes to continue the practice of considering the Board composition annually. An annual consideration will allow for a more concrete assessment of the composition of the Board of Directors, taken as a whole at each annual general meeting, and facilitate that the company has a Board of Directors that reflect the shareholder structure of the company. The Nomination Committee has also considered the need for continuity in the Board of Directors and that such shorter election period may lead to a weakening of this principle. However, it is the Nomination Committee's assessment that continuity considerations may be adequately attended to through its work and recommendations to the

General Meeting in dialogue with the company's largest shareholders, the Board of Directors and the company's executive personnel.

The Nomination Committee has reached the following unanimous recommendation:

3.2. Election of Board members

The Nomination Committee has not been informed of any Board members not being available for re-election.

The Nomination Committee proposes that the current Board members are re-elected to the Board of Directors of Kitron ASA for a period of one year, to the Annual General Meeting in 2020.

The Nomination Committee proposes that Tuomo Lähdesmäki is re-elected as the Chairperson of the Board of Directors, until the Annual General Meeting in 2020.

In considering the composition of the Board, the Nomination Committee has taken into account that the current board function effectively as a collegiate body having contributed to important strategical decisions during its current term. The Board composition is set up to fill roles and cover relevant areas of expertise necessary for the overall management of Kitron. During recent years the Board has seen some changes and the Nomination Committee, inter alia on the basis of its assessment of the current Board composition, believes it is important to establish continuity for the company. The latter will be particularly important during the leave of absence of the group's managing director.

Please refer to the annual report 2018 for a description of the current members of the Board of Directors.

3.3. Composition of the Board of Directors following the Nomination Committees proposal

Subject to the Annual General Meeting's resolution, the shareholder elected members of the Board of Directors of Kitron ASA until the Annual General Meeting in 2020, shall be:

- *Tuomo Lähdesmäki (Chairperson)*
- *Gro Brækken*
- *Espen Gundersen*
- *Maalfrid Brath*
- *Christian Jebsen*

In addition, the following Board members have been elected by and between the employees:

- *Tanja Rørheim,*
- *Elisabeth Jacobsen*
- *Bjørn Martin Gottschlich*
- *Vidar Hushovd, deputy Board member*
- *Jarle Larsen, deputy Board member*

- *Andrea-Sofie Berli, deputy Board member*
- *Kristen Totland, deputy Board member*
- *Pieter Gerrif Van Der Zalm, deputy Board member*

4. Proposals for candidates for election and remuneration to the Nomination Committee

4.1. Introduction

In 2018, the Nomination Committee was reduced to consist of two persons. The committee's work has been conducted in line with previous years' practice and it has maintained its ability to have contact with and receive inputs from shareholders, the board of directors and the company's executive personnel. None of the committee members are board members or executive personell of the company. Based on its self-evaluation and its dialogue inter alia with shareholders of the company, the Nomination Committee found it appropriate that the two member structure is continued.

Ola Wessel-Aas and Ole Petter Kjerkreit were both elected for a term of one year in 2018 and are up for election. Both have made themselves available for re-election.

4.2. Election of Nomination Committee

As no other candidates have been proposed, the Nomination Committee finds it appropriate to propose that the current members are being re-elected as a members of the Nomination Committee for a period of one year to the Annual General Meeting of 2020.

Further information on the current members of the Nomination Committee is included in Kitron ASA's annual report for 2018.

4.3. Composition of the Nomination Committee following the Nomination Committee's proposal

Subject to the General Meeting's resolution, the members of the Nomination Committee of Kitron ASA, until the Annual General Meeting in 2020 shall be:

- Ola Wessel-Aas (chairperson)
- Ole Petter Kjerkreit

4.4. Proposal for remuneration of the members of the Nomination Committee

The Nomination Committee recommends that the chairperson of the Nomination Committee is remunerated with NOK 4,000 per meeting and that the member of the Nomination Committee is remunerated with NOK 3,000 per meeting, subject to attendance. The remuneration is unchanged from last year.
