Corporate governance

EVRY is committed to healthy corporate governance that strengthens confidence in the company and contributes to optimal value creation over time. The objective of corporate governance is to regulate the division of roles between shareholders, the Board of Directors and executive management more comprehensively than is required by legislation.

Our principles:

- EVRY will provide open, reliable and relevant communication to the outside world about the company's activities and its corporate governance
- EVRY's Board of Directors will be autonomous, and independent of the group's executive management
- EVRY will pay particular attention to ensuring that there are no conflicts of interest between the interests of its shareholders, the members of its Board of Directors and its executive management
- EVRY will ensure a clear division of responsibility between the Board of Directors and the executive management
- EVRY will treat all shareholders equally

1. Implementation and reporting on corporate governance

EVRY's Board of Directors (the "Board") has the ultimate responsibility for ensuring that the company practices good corporate governance. The Board and executive management carry out a thorough review and evaluation of the principles for corporate governance on an annual basis.

EVRY AS is a Norwegian private limited company. The company was converted to a private limited company from a public limited company by an extraordinary general meeting on 22 February 2016. The company is no longer listed on Oslo Børs. The Norwegian Accounting Act includes provisions on corporate governance at Section 3-3b which impose a duty on the company to issue an annual report on its principles and practice for corporate governance. These provisions also stipulate minimum requirements for the content of this report.

Confidence in EVRY as a company and in its business activities as a whole is essential for the Group's continuing competitiveness.

EVRY is committed to openness about its systems and procedures for the management of the Group. This strengthens value creation and builds internal and external confidence, while at the same time promoting an ethical and sustainable approach to business.

The Board has approved comprehensive guidelines for business ethics (Code of Conduct). The Group carries out annual measures in all business areas to ensure employee awareness of, and commitment to, the Code of Conduct. Each year, all employees of the Group, including employees of wholly-owned subsidiary companies, must sign a declaration to confirm that they have read and understood the Code of Conduct. All new employees receive training in the Code of Conduct as part of their introductory training program, and must sign a declaration to confirm that they have read and understood the guidelines.

The EVRY website at www.evry.com provides more information about the company's corporate vision and business concept as well information on the company's policy for social responsibility and its Code of Conduct.

2. Business

The business objective of EVRY AS is defined in Article 3 of the company's Articles of Association, which states that:

"The company's business is to develop, manage and operate its own and other parties' IT solutions, to sell services and consultancy and any activities related to the foregoing. These activities may be carried out by the company itself, by its subsidiaries or through participation in other companies and collaboration with other parties."

EVRY's Articles of Association are available on the EVRY website at www.evry.com. The Articles of Association were most recently updated on 22 February 2016.

3. Equity and dividend policy

The book value of the Group's equity at 31 December 2015 was NOK 2 145.6 million, representing an equity ratio of 19%. The Board considers this to be satisfactory. The Group's capital adequacy is kept under constant review in relation to its objectives, strategy and risk profile.

The company's objective is to generate a return for its shareholders through dividends and increases in the share price that is at least in line with the return available on similar investment opportunities of comparable risk. The Board proposes a dividend if it is satisfied that this will not have an adverse effect on the company's future growth ambitions and capital structure. The company's dividend policy is to pay an annual dividend to shareholders equivalent to 20-50% of normalised post-tax profit. Extraordinary dividends may be distributed in particular circumstances, and will be evaluated on a case by case basis.

In connection with Lyngen Bidco AS acquiring 88% of the share capital of EVRY AS, an Extraordinary General Meeting held on 23 March 2015 approved an extraordinary dividend of NOK 3.76 per share, equivalent to NOK 1 004 million.

The Board did not hold any mandates in respect of increases in share capital or purchases of own shares at 31 December 2015, and will not propose any increase in share capital or request a mandate for increases in share capital at the Annual General Meeting, which is due to be held on 3 May 2016.

EVRY AS did not carry out any capital transactions in 2015. The company did not hold any of its own shares at the end of 2015.

4. Equal treatment of shareholders and transactions with close associates

EVRY has only one class of shares, and any purchases or sales of own shares are carried out via Verdipapirsentralen ASA (VPS). Transfers of shares shall be subject to board approval in accordance with the provisions of the Norwegian Private Limited Liability Companies Act. The Articles of Association do not impose any restrictions on voting rights and all shares have equal voting rights.

EVRY's Board and executive management are committed to treating all the company's shareholders equally. At the close of 2015, Lyngen Bidco AS held 88% of the share capital of EVRY AS. The remaining share capital is spread among approximately 600 shareholders.

The Board will obtain independent valuations for any material transactions between the company and its shareholders, parent companies of its shareholders, members of the Board, executive personnel or any close associates of such parties.

The company has guidelines in place to ensure that members of the Board and executive personnel notify the Board if they have any material interest, directly or indirectly, in an agreement entered into by the company.

5. General Meetings

The Annual General Meeting ("AGM") is the company's ultimate corporate body. The Board strives to ensure that AGMs are an effective forum for communication between shareholders and the Board.

The AGM is usually held before 1 June each year, and in any case no later than 30 June, which is the latest date permitted by company law. The 2015 AGM was held on 13 May. The 2016 AGM will be held on 3 May.

The notice calling the AGM and any Extraordinary General Meeting is made available on the company's website (www.evry.com) and with effect from February 2016 is sent to all shareholders no later than one week in advance of the meeting. Article 8 of EVRY's Articles of Association stipulates that the supporting documents dealing with matters to be considered at a meeting can be made available on the company's website rather than being sent to shareholders by post. However, shareholders are still entitled to receive the documents by post upon request if they so wish.

The supporting documentation provides all the necessary information for shareholders to form a view on the matters to be considered. In accordance with the company's Articles of Association, shareholders wishing to attend a general meeting must notify the company by the deadline given in the notice calling the meeting, which can be no earlier than two days before the meeting.

Shareholders must give written notice of their intention to attend a general meeting, either by post, electronic registration or e-mail. Shareholders who are unable to attend a meeting are encouraged to appoint a proxy. The arrangements for appointing a proxy allow shareholders to specify how their proxy should vote on each matter to be considered. Representatives from the Board attend general meetings, and the auditor also attends the AGM. The executive management is represented at general meetings with, at a minimum, the CEO and the CFO attending.

The Board decides the agenda for general meetings. The main agenda items for the AGM are determined by the requirements of the Private Limited Liability Companies Act. Each general meeting appoints a chairperson for the meeting, thereby ensuring that each general meeting has an independent chairperson in accordance with the recommendations of the Code of Practice. The CEO gives a presentation of the Group at each AGM. The Audit Committee and the Compensation Committee present their work over the past 12 months. The minutes from general meetings are made available on the EVRY website at www.evry.com.

6. Election Committee

EVRY has an Election Committee consisting of three members. The members of the Election Committee are elected by the AGM after considering proposals made by the current Election Committee. The members of the Election Committee serve for a two-year term of office.

The Election Committee's duties are to nominate candidates for consideration by the AGM for appointment as shareholder-elected members of the Board, including the Chairman, and any deputy members for shareholder-elected members, and to nominate candidates for the members of the Election Committee. The mandate for the Election Committee includes guidance on selecting suitable candidates to ensure an appropriate composition of expertise on the Board. The Election Committee is also responsible for carrying out an annual review of the remuneration paid to the members and deputy members of the Board and submitting specific proposals in this respect to the AGM.

The 2015 AGM approved the election of the following as members of the Election Committee for a term of office of up to two years.

The members of the Election Committee with effect from the 2015 AGM are:

- Francisco Menjibar (Chair)
- Arthur Brothag
- Mark Richard

7. Board of Directors: composition and independence

The Board of Directors of EVRY is elected by the Annual General Meeting. The arrangements for the election of the Board are now stipulated in Article 6 of the Articles of Association.

The Board of EVRY AS comprises 10 members. Six members of the Board, of whom two are women, are elected by shareholders, and four members, of whom one is a woman, are elected by employees. The shareholder-elected members represent varied and broad experience from relevant industries and areas of technical speciality, and the members bring experience from both Nordic and international companies. One shareholder-elected board member is considered to be independent of the company's main shareholders and material business contacts. The Board does not include any members from the company's executive personnel.

EVRY believes that the Board as a whole represents the best interests of all the company's shareholders.

The Board has rules on conflicts of interest to ensure that any potential conflicts are identified and handled in a professional manner. The Board's guidelines require that members must notify the Chairman if the Board is to consider any matter in which they may have a financial interest or are otherwise involved. EVRY does not have a corporate assembly by agreement between the company's trade unions, Board and executive management.

An updated overview of the members of the Board of EVRY AS is provided on the company's website at www.evry.com.

8. The work of the Board

The Board has the ultimate responsibility for the management of the Group and supervising its day-to-day management and activities in general. This includes developing the company's strategy and monitoring its implementation. In addition, the Board exercises supervision responsibilities to ensure that the company manages its business and assets and carries out risk management in a prudent and satisfactory manner.

The CEO is appointed by the Board of Directors. The Board issues a mandate for the work of the CEO. There is a clear division of responsibilities between the Board and the CEO. The CEO is responsible for the operational management of the Group.

The Board holds regular meetings and a strategy meeting each year. Extraordinary Board meetings are held as and when required to consider matters that cannot wait until the next regular meeting. In addition, the Board has appointed an Audit Committee and a Compensation Committee to work on matters in these areas.

Audit Committee

The Audit Committee is appointed by the Board, and its main responsibilities are to supervise the Group's systems for internal control, and to ensure that the auditor is independent and that the annual accounts give a fair picture of the Group's financial results and financial condition in accordance with generally accepted accounting practice. The Audit Committee has reviewed the procedures for risk management and financial controls in the major areas of the Group's business activities. The Audit Committee receives reports on the work of the external auditor and the results of the audit. In addition, the company has appointed a head of Internal Audit who is responsible for the internal audit function.

The members of the Audit Committee as of 31 December 2015 were:

- Salim Nathoo, Chair
- Rohan Haldea
- Eirik Bornø

Compensation Committee

The Compensation Committee makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO and other executive personnel. These proposals are also relevant for other employees.

The members of the Compensation Committee as of 31 December 2015 were:

- Salim Nathoo, Chair
- Rohan Haldea
- Knut Göran Lindahl
- Ingrid Lund

Arrangements for anonymous employee contact with the Board

EVRY places great importance on ensuring that employees can freely express their views and provide feedback to the Board. In order to ensure anonymity, the Board has set up a contact point for 'whistleblowers' through the law firm Hestenes og Dramer & Co in Oslo to ensure that information can be submitted without the company knowing the identity of the sender. The Board has drawn up a specific policy for the handling of such referrals, including arrangements to monitor the progress of each case.

9. Risk management and internal control

EVRY's risk management and internal control is based on elements of the COSO framework, and helps ensure that EVRY has unified control in place that covers the company's operational activities, financial reporting and compliance with legislation and regulation.

EVRY has a separate internal audit department, which reports directly to the Board and the Audit Committee. The Board has approved a mandate that defines the objectives, authority and responsibility of the internal audit function. The internal audit department is managed by the head of Internal Audit, and has four full-time equivalent employees. The department's work is based on an annual program and annual report that is evaluated and approved by the Board.

EVRY is not subject to direct supervision by Finanstilsynet (the Financial Supervisory Authority of Norway), but Finanstilsynet can exercise control over the Group through the banks that are customers of the company in accordance with the ICT regulations.

Operational control

EVRY has implemented an Approval Authority Matrix and guidelines to specify the level of authority granted to individuals and the next level of authority required to decide or approve matters beyond the individual's authority. The level of authority delegated to the CEO is approved by the Board, and the entire Approval Authority Matrix, i.e. the manner in which the CEO delegates this authority, has been considered and approved by the executive management and reviewed by the Audit Committee. The Group's organisational structure defines five levels of decision-making committees, which have clearly defined authority limits for all the relevant types of decisions.

EVRY has a legal department, managed by the in-house attorney who reports directly to the CFO. The head of the legal department also fulfils the role of secretary to the Board and therefore has direct access to members of the Board. Procedures and guidelines are in place to ensure that the legal department is involved in all activities over a certain size that might represent legal risks for the Group, including bidding for contracts and entering into agreements. The Group has standard policies for contract terms and conditions that are used when entering into contracts.

EVRY's CEO and CFO hold monthly status meetings with each business area. These meetings review commercial performance and decide on appropriate follow-up measures.

EVRY's framework for risk management uses a predefined process and methodology, and work is underway to ensure that this framework is harmonised throughout the company. The CEO and Board receive periodic reports on risk management.

The company strives to adapt its control processes to local operations and to ensure a pro-active approach to risk management, so that the risks involved in normal operations are systematically identified, analysed and managed. It also ensures that risk exposure is continually monitored. Corrective measures are identified and defined, as is responsibility for following up specific risk areas.

EVRY also continually monitors market conditions and key economic figures that provide the basis for evaluating financial risk.

Risk related to financial reporting

EDB Business Partner ASA was a subsidiary of Telenor ASA prior to the merger with ErgoGroup AS in October 2010. As a result of this relationship, EDB Business Partner ASA was subject to the Sarbanes Oxley Act (SOX) because Telenor ASA was listed on the NASDAQ exchange.

In accordance with the need for sound internal control and management systems, the Board of EVRY has decided that the company will continue to comply with certain aspects of the requirements of the Sarbanes Oxley Act. This requires extensive documentation of internal control for significant and key processes in the company. This reporting serves to improve the quality of the company's control systems and of its financial and operational reporting procedures. Extensive testing is carried out to ensure compliance with the established controls.

Neither EVRY's executive management nor its auditor reported any substantive weaknesses in the related internal control systems at 31 December 2015.

Compliance with laws and regulations

Compliance with legislation and regulations, both in Norway and other countries in which the company operates, is ensured by means of the Group's governance structure. The important participants in this structure are the Group's compliance function, group risk management, the executive management of each business area and the company's legal department. The Group's four compliance managers report on compliance matters to the Group Compliance Officer on a quarterly basis. The Group Compliance Officer in turn reports to the Audit Committee/the Board of Directors.

As mentioned above, the company has formal guidelines for business ethics and social responsibility in the form of a Code of Conduct. All employees are required to confirm their understanding of and compliance with the Code of Conduct on an annual basis. The Code of Conduct is managed by the Legal Department acting on behalf of the executive management.

Annual review of internal control by the Board

The Board receives regular reports on risk management at its meetings, through routine financial reporting and the executive management's reports on each business area.

In addition to its regular reviews of risk management, the Board carries out an annual review of the Group's internal control systems and the major risk factors to which the Group is exposed. The Board evaluates whether the systems are sufficient, appropriate and properly applied.

10. Remuneration of the Board of Directors and the Election Committee

The remuneration paid to the members of the Board is decided by the AGM having considered proposals by the Election Committee.

The remuneration paid to the members of the Board is not dependent on the company's earnings. The notes to the accounts provide information on the remuneration paid to the Board in 2015.

11. Auditor

Ernst & Young is the auditor for EVRY.

The auditor attends at least one meeting each year with the Board at which the company's management is not represented. The auditor participates at meetings of the Board that consider the annual accounts and participates at all meetings of the Audit Committee.