

Norwegian Recommendation
CORPORATE GOVERNANCE
adapted for Rebatt

REBATT AS



PURPOSE

The purpose of the recommendation is for Rebat AS to have corporate governance that clarifies the division of roles between its shareholders, Board and executive management beyond what follows from the relevant statutes.

The recommendation must enhance confidence in the company as well as contribute to the long-term fulfilment of the producer responsibility, for the benefit of the shareholders, employees and other stakeholders.

REPORT ON CORPORATE GOVERNANCE

- The Board shall see to it that Rebat AS has good corporate governance.
- The Board should clarify the fundamental values of the company and, in conjunction with such, formulate guidelines for ethics – an overall "ethics guidelines" document.
- The company's fundamental values/goals for its business activities are the foundation of the company's "ethics guidelines".
 - "Efficiency – Environmental protection" – the company shall maintain a high standard for health, the environment and safety. This means that the entire chain from the collection to the recycling of waste must satisfy all environmental requirements. The dissemination of expertise involving batteries as waste must be looked after internally within the industry, however it should also be communicated to other industries that can draw on the experiences from what the battery industry has done.
 - "Long-term and level-headed" the company must be a long-term player in the industry and build up and maintain, through the level-headed pricing of its services, the requisite capital balances to be able to accommodate fluctuations in the price of the return waste.
 - "Openness" – all companies that are a manufacturer or importer of batteries have a right to be shareholders and there must be complete openness with respect to all other stakeholders in the communications from the company.
 - "Independence" – this is related to the choice of specific collection mechanisms, depots and recycling work. Furthermore in respect of communications with customers, regardless of whether they are shareholders or not.
- Good ethical behaviour cannot just be adopted in principle. It must be established well-founded guidelines. The guidelines must be perceived both as tangible as well as practical. Confidence through transparency – (conduct in fact - conduct in appearance). Culture of openness/responsibility.
- The "ethics guidelines" document should be updated annually.



BUSINESS ACTIVITIES

Rebatt AS's business activities are made clear in its articles of association.

Within the framework of its articles of association, Rebatt AS should have clear goals and strategies for its business activities.

-The company's purpose is not completely commercial in nature. Goals/strategies must reflect a balance between the social responsibility (vis-à-vis the authorities, etc.) that the company possesses and "ordinary business-related operation".

The paragraph in the articles of association concerning the purpose of the company as well as its goals and principal strategies should appear in the annual report from the Board.

SHARE CAPITAL AND BUFFER LIQUIDITY

Rebatt AS should have a level of equity that is suitable for its goals, strategies and risk profile.

The company will not, as per its articles of association, be disbursing dividends. A purpose of the company is to optimise its operations in order to enable the lowest possible supplemental costs for the consumers.

The company should have sufficient buffer capital to be able to meet expected fluctuations in the prices of recycled waste.



ACQUISITION OF SHARES – SALEABILITY OF SHARES

SHAREHOLDERS AND TRANSACTIONS WITH CLOSELY RELATED PARTIES

Acquisition of shares:

According to Rebatt AS's articles of association, every company that produces or imports portable dry batteries and rechargeable batteries has the right to acquire and own shares in the company.

Shares are acquired at full par through expansion of the share capital or by taking over existing shares (possibly the company's own treasury stock). The Board has the authority to expand the share capital by admitting new firms as shareholders.

Withdrawal as shareholder:

Shareholders who withdraw from the arrangement are obligated to transfer their shares to a party designated by the Board or possibly have them redeemed by a reduction in the share capital. The transfer/redemption will occur in return for payment of the nominal value of the shares.

Transfer of shares:

The shares cannot be freely sold or bequeathed, but rather can only be transferred to parties designated by the Board.

Increases of the share capital:

Carried out by a private placement with the party or parties that wish to become shareholders. Existing shareholders have no pre-emptive rights to acquire additional shares.

Winding up

Distribution of the net assets and any possible liquidation dividend from the unwinding of the company is governed by the articles of association.

Relationships with closely related parties:

The company should have guidelines that ensure that its Board members and leading employees notify the Board if they have a direct or indirect commercial interest in an agreement that is entered into by the company.



ANNUAL GENERAL MEETING (AGM)

The Board should arrange the company's AGM such that the largest number of shareholders possible can exercise their rights by participating in it and that it becomes an effective meeting place for the shareholders and Board, including by seeing to it that:

- Documents involving matters brought before the AGM, including the recommendations of the elections committee, be sent to the shareholders at the latest one week before the AGM is held.
- Documents involving matters brought before the AGM should be detailed enough for the shareholders to be able to make judgements in all cases that are to be considered.
- The deadline for registering to attend the meeting should be set as close to the meeting as possible.
- Shareholders who cannot attend the meeting themselves can vote by proxy.
- The Board and auditor must be present at the AGM.
- The Chairman of the Board shall chair the AGM.

BOARD, COMPOSITION AND INDEPENDENCE

The Board should be composed of members such that it can look after the common interests of the shareholders as well as the company's need for competence, capacity and diversity. Regard should be paid to the Board being able to function well as a collegial body.

The Board should be composed of members such that it can act independently of special interests. Representatives from the executive management should not be members of the Board.

The Chairman of the Board is elected at the AGM. The Vice-chairman is elected by and among the Board members. Board members should not be elected for more than two years at a time.

Rebatt AS has no separate elections committee. The company uses an ad hoc working committee with members appointed by the Board. The committee will promote justified recommendations to the Board. The Board will consider the recommendations and promote proposals for candidates at the AGM.



WORK OF THE BOARD

- The Board should establish an annual plan for its work with special emphasis on goals, strategies and execution
- It must be ensured that the Board has the requisite focus on success factors for looking after the tasks that have been imposed upon Rebatt AS.
- The Board must establish instructions for the Board, the executive management and the working committee with special emphasis on clarity in the internal distribution of responsibilities and tasks.
- The Board must see to it that the company has good internal controls with respect to the provisions that apply to the company, including the company's fundamental values and ethics guidelines.
- In its annual report, the Board should state how the internal controls are organised.
- A Vice-chairman should be elected who can function when the Chairman of the Board is unable or should not lead the work of the Board.
- The Board should evaluate its work and its competence annually.
- The Board should evaluate the use of the ad hoc working committee for reporting on individual matters. Members of the working committee will be appointed by the Board. The committee's composition will be determined on the basis of the individual matter concerned. This is a continuation of previous practices within the company.

REMUNERATION FOR THE BOARD AND THE "AD HOC WORKING COMMITTEE"

Remuneration for the Board will reflect the Board's responsibility, competence, consumption of time and the complexity of the business activities. The remuneration of the Chairman of the Board would be as per accounts rendered – alternatively a combination of billing for cumulative hours / fixed basic remuneration. The remuneration for the Board shall be approved at the AGM as per the recommendation from the elections committee.

Remuneration for the Board – Regard for independence:

The remuneration should not in terms of its magnitude be such that doubts can be raised as to Rebatt AS's fundamental value concerning level-headedness. (Conduct in fact - conduct in appearance.)

Board members, or companies with which they are associated, should not undertake special tasks for the company in addition to the duties of the Board. If they do such regardless, then the entire Board should be informed. Fees for such tasks should be approved by the Board.



Notification should be given of all remuneration for the Board members in the annual report. If remuneration has been given beyond the ordinary fees for the Board, such should be stated.

Remuneration for members of the ad hoc working committee (excepting Board members who receive fees for being members of the Board) will be set by the Board as per recommendations from the administration.

REMUNERATION FOR LEADING EMPLOYEES

The setting of wages and other remuneration for the executive manager should be performed at a meeting of the Board.

INFORMATION AND COMMUNICATION

The Board should establish guidelines for the company's reporting of financial and other information based upon openness.

Information for the company's shareholders/other customers and stakeholders will be made available on the company's Internet pages at the same time as it is sent out to the shareholders.

The company's contact with the customers must be without regard to whether they are shareholders or not. The executive manager has the responsibility for the on-going contacts.

The statutory content of the Board's annual report will be expanded with the current environmental report and excerpts from the company's corporate governance.

AUDITOR

The auditor should submit the principal features of a plan for the execution of its auditing work to the Board each year.

The auditor should participate in Board meetings that address the annual accounts. In the meetings, the auditor should review possible significant changes in the company's accounting principles, the assessment of significant accounting estimates and all significant conditions where there have been disagreement between the auditor and administration.

The auditor should review with the Board at least once per year the company's internal controls, including identified weaknesses and proposals for improvements.

The Board should establish guidelines for the executive management's ability to use the auditor for services other than auditing. The auditor should give the Board a written confirmation each year that the auditor is fulfilling the established requirements for independence. In addition, the auditor should give the Board an overview of services other than auditing that have been supplied to the company.

At the AGM the Board should provide an orientation of the auditor's remuneration distributed by auditing and other services.



PRINCIPAL TASKS OF THE BOARD

Company-specific tasks:

- The Board must ensure that normal, international prices are being obtained, and see to it that there are no distortions in the competition between recycling works or between their respective owners.
- Seeing to it that the company is at all times updated on the regulations concerning requirements for environmental protection in the handling of hazardous waste that is relevant to the company's business activities.
- Seeing to it that the company fulfils the requirements for environmental protection that it is subject to.
- Seeing to it that the company's "Quality Assurance Handbook" is updated and is being complied with.
- Seeing to it that the company appears to act consistently vis-à-vis importers, regardless of whether they are shareholders or not.
- Seeing to it that the company shows transparency towards all stakeholders.
- Seeing to it that the company performs its role as a communicator of knowledge.
- Performing an annual evaluation of the documents entitled "Ethics Guidelines" and "Corporate Governance".
- Seeing to it that guidelines in the documents are being complied with.
- Promoting proposed Board members at the AGM.



TASKS AND OBLIGATIONS OF THE EXECUTIVE MANAGER

Company-specific tasks:

Recycling works, collection and storage functions, environmental fees:

- On-going contact with the recycling works.
- The executive manager must ensure that normal, international prices are being obtained such that no distortions in competition are taking place between recycling works or between their respective owners.
- On-going contact with storage operations – renegotiating agreements on competitive terms and conditions. Regard for the environment – ensuring that hazardous waste is to have priority in preference to the lowest possible price.
- On-going contact with collection and transportation operations – renegotiating agreements on competitive terms and conditions. Regard for the environment – ensuring that hazardous waste is to have priority in preference to the lowest possible price.
- Continual follow-ups on possible variable compensation for collection – the consequences for liquidity, the consequences for the degree of collection and the need for information by the collectors/other stakeholders.
- Decisions on changes to the environmental fee are the province of the administration. The executive manager / administration must follow trends in metals prices and assess on an on-going basis the need for changes to the size of the environmental fee. The fundamental criteria are adequate and stable liquidity. Reserves should not be built up beyond what normal fluctuations in metals prices dictate. Initiating possible changes to fee rates. Orienting the Board and possibly the ad hoc committee of the decision.

Environmental protection:

- Being updated at all times of the regulations concerning environmental protection requirements for the handling of hazardous waste that have relevance to the company's business activities.
- On-going reporting and initiation of requisite measures in order to ensure that the company fulfils the environmental protection requirements that it is subject to. Regard for protection of the environment from hazardous waste shall have priority in preference to the lowest possible price.
- Carrying out periodic self-assessments of the company's fulfilment of the environmental protection requirements. The evaluation must cover the moving of goods from collection sites via intermediate storage and depot sites to recycling works.
- Pursuing the requisite dialogue with the authorities who prepare regulations concerning environmental protection.
- Performing the requisite updates to the company's "Quality Assurance Handbook". Communicating the handbook's content and performing quality assurance on compliance with it.



- Evaluating on an on-going basis the possibilities for rationalising the collection, transport and storage procedures within the limitations set by the regulations concerning the protection of the environment.

The information task:

- Initiating the requisite measures to ensure that the company performs its role as a communicator of knowledge.
- Taking care of the requisite dialogue with the shareholders. Informing shareholders/other customers of relevant conditions.
- Taking care of the requisite dialogue with the authorities who prepare the environmental protection regulations.
- Taking care of other contacts with the authorities.
- Being the company's external spokesperson – possibly with support from the ad hoc working committee and the Board.
- Actively utilising the company's annual report and possibly its environmental report as a medium of communication.
- The statutory content of the annual message will be expanded with the current environmental report and excerpts from the company's "Corporate Governance" and "Ethics Guidelines".
- Seeing to it that the company's Internet pages are kept current on an on-going basis.

Other conditions:

- Co-operating with the ad hoc working committee in matters where the Board finds such appropriate.
- Providing input to the annual evaluations of the documents entitled "Ethical Guidelines" and "Corporate Governance".
- The Board should establish guidelines for the executive management's ability to utilise the auditor for services other than statutory auditing.
- Conducting an on-going dialogue with the auditor.
- Functions of Rebatt AS and Batteriretur AS that are operated jointly must be looked after on an impartial basis.



TASKS OF THE WORKING COMMITTEE

Examples of tangible matters for reporting on by the ad hoc working committee:

- Ensuring that normal, international prices are obtained, such that no distortions of competition are taking place between recycling works or between their respective owners.
- Being a support resource for the executive manager in the work of seeing to it that the relevant environmental protection requirements are being complied with.
- Providing input to the annual evaluations of the documents entitled "Ethical Guidelines" and "Corporate Governance".
- Reporting on proposals for Board members prior to review by the Board. The ad hoc working committee can, for example, promote a recommendation to the Board. The Board will review the recommendation and promote proposed candidates at the AGM.



ETHICS GUIDELINES FOR REBATT AS

Rebatt AS was established in 1998 in order to look after future changes in regulations concerning portable dry batteries and rechargeable batteries as waste.

The working area of its business activities is the producer responsibility for batteries.

The company is organised as a cost centre, with manufacturers and importers of batteries as owners.

The company's office is located in Sarpsborg and it organises the nation-wide collection of batteries that are recycled in an international market for raw materials.

In the guidelines adopted by the company for "Corporate Governance" fundamental values/goals for the company are laid down and which are natural to build upon in this document. In this manner we render visible to the surrounding world precisely how we wish to operate our business

FUNDAMENTAL VALUES/GOALS FOR THE BUSINESS ACTIVITIES

Goals

To operate nation-wide collection of batteries where all requirements for environmental protection are looked after and with the lowest possible fees.

Efficiency – Environmental Protection

- Maintaining high standards in environmental protection – collection operations are offered information and guidance on good practices concerning the recycling, handling and transport of discarded batteries – the recycling of discarded batteries must be done at high-quality, approved facilities – good traceability must be ensured from the collection operation to the recycling facility.*
- Communication of knowledge – acquisition and dissemination of knowledge about batteries as waste. Such can also be utilised in relation to other industries so that the valuable competence that is possessed can be of benefit to other industries and in other contexts.*
- Information responsibility as a supplier of services on behalf of the manufacturers and importers such as is laid down in the regulations concerning batteries and waste.*

Long-term view and level-headedness

- The company must be a long-term player in the industry and continue the good high-quality work that has been established over a number of years. Fulfilling the requirements in the relevant Norwegian regulations is crucial for the company.*
- Fee rates and compensation to collection operations when viewed in light of the price of the recycled waste must yield a satisfactory level of equity such that the company is in a condition to meet the fluctuations in the prices of metals.*



- *Level-headedness in costs must be an important guiding principle for the entire enterprise of the company, from the collection to the recycling and in the administration and the Board.*

Openness

- *All companies that are manufacturers or importers of portable dry batteries and rechargeable portable batteries have the right to be shareholders on the company. All shareholders have the right to equal ownership percentages*
- *It must in addition be an important rule of conduct that full openness exist surrounding the communications that occur on the part of the company and that customer information is uniform regardless of whether it goes to customers/owners or to pure customers. Information to other stakeholders must also be open and accessible.*
- *Customer information must be on an equal footing for customers/owners and other customers. It is particularly important that customers who are also shareholders do not receive more/better information than the other customers such that competitive advantages arise.*

Independence

- *In relation to the collection operations it is important that those that are also included on the ownership side do not have any competitive advantage over any other collector. Every agreement must fulfil the requirements for the arm's length principle such that nobody can be criticised for "insider trading" and that the company attains the best possible prices and conditions.*
- *Attempts should be made to have at least to recycling works to deliver the returned goods to so that the best possible market price is obtained for the waste. Recycling works where there possibly are ownership interests in common with shareholders of the return company must be able to compete on an equal footing with other recycling works*
- *Storage services will also be negotiated based upon the same principles*



FRAMEWORK FOR ETHICAL DECISION-MAKING

The following questions will be assessed in each decision-making situation:

1. Identify the event, decision or complex of problems involved

- Are you being asked to do something that could be wrong?
- Are you aware of possible illegal or unethical conduct on the part of an employee or a customer/supplier?
- Are you attempting to make a decision and are unsure as to whether this is legal or ethically defensible?

2. Think before you act

- Summarise and clarify your complex of problems
- Ask yourself why this dilemma exists
- Think of the possibilities and the consequences
- Think through who will be affected
- Consult with others

3. Decide what course of action should be taken

- Determine what your responsibility is
- Review all relevant facts and information
- Evaluate the risks and how you can reduce them
- Think about the best manner in which to handle the matter
- Consult with others

4. Test your decision

- Review the ethical questions that must be taken into account
- Ensure that you have taken the company's policy, the law and professional standards into account
- Consult with others – note their opinions on your planned action

5. Continue with a good feeling

- Communicate your decision and a logical explanation to the stakeholders
- Reflect on what you have learned from this
- Share your success story with others





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