

**CERENCE INC.**  
**RELATED PARTY TRANSACTIONS POLICY**

<b>Effective Date</b>	September 2019
<b>Approved By</b>	Board of Directors

## **Purpose**

Cerence Inc. (together with its direct and indirect subsidiaries, "**Cerence**" or the "**Company**"), recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interests of the Company and its stockholders. Accordingly, as a general matter, it is the Company's preference to avoid Related Party Transactions. Nevertheless, the Company recognizes that there are situations in which Related Party Transactions may be in, or may not be inconsistent with, the best interests of the Company and its stockholders. Such situations include, but are not limited to, those in which the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources, or when the Company provides products or services to Related Parties (as defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Party Transactions.

Cerence Inc. has adopted this Related Party Transactions Policy (the "**Policy**") as an element of ensuring that transactions between Cerence and Related Parties (as defined below) are properly identified, approved and disclosed.

## **Scope**

This Policy applies to all Related Party Transactions involving Cerence or any Cerence subsidiary worldwide.

## **Policy**

### ***Approval of Related Party Transactions***

All Related Party Transactions, other than transactions for which Audit Committee approval is not required by this Policy, may be consummated or shall continue only if the Audit Committee shall have approved or ratified such transaction in accordance with the guidelines set forth in this Policy. Subject to the applicable Implementation Guidelines (as defined below), a listing of and supplementary information on all such transactions shall be provided to the Audit Committee on a periodic basis.

In determining whether to approve a Related Party Transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

No director shall participate in any approval of a Related Party Transaction for which he or she is a Related Person.

If a Related Party Transaction is of the type that will be ongoing, the Audit Committee may establish guidelines for the Company to follow in its ongoing dealings with the Related Person. Thereafter, the Audit Committee, from time to time as the Audit Committee deems appropriate, shall review and assess such ongoing relationships with the Related Person to assess whether they are in compliance with the Audit Committee's guidelines, if any, and that the Related Party Transaction remains appropriate.

### ***Disclosure of Related Party Transactions***

All Related Party Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission (the "**SEC**"), as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.

### **Definitions**

An "**Immediate Family Member**" is any child, stepchild, parent, stepparent, spouse, significant other, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the subject person, and any person (other than a tenant or employee) sharing the household of such subject person

An "**Other Manager**" is a person other than the directors and executive officers that constitute members of "management" as defined under Accounting Standards Codification ("ASC") Section 850. ASC Section 850 defines management as: "[p]ersons who are responsible for achieving the objectives of the entity and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes members of the board of directors, the chief executive officer, chief operating officer, vice presidents in charge of principal business functions (such as sales, administration, or finance), and other persons who perform similar policy making functions. Persons without formal titles also may be members of management."

A "**Related Party**" is:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or a nominee to become a director of the Company, an executive officer of the Company or an Other Manager; such other member of the Company's senior management as jointly determined by the Chief Financial Officer and General Counsel;
2. any person or entity (including any "group" as that term is used in section 13(d)(3) of the Securities Exchange Act of 1934) known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
3. any *Immediate Family Member* of any of the individuals identified in clauses 1 and 2 (each, a "**subject person**");
4. any firm, corporation or other entity, including not-for profit entities: (a) in which the subject person serves as a director, executive officer, general partner, principal or

in a similar controlling position; (b) over which the subject person otherwise has control or the power to substantially influence managerial decisions; or (c) in which the subject person has a 5% or greater beneficial ownership interest;

5. entities for which investments in those entities' equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Accounting Standards Codification ("**ASC**") Section 825-10-15, to be accounted for by the equity value method by the investing entity;
6. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; and
7. other counterparties with which the Company may deal such that the relationship between the parties may not appear to be at arms' length.<sup>1</sup>

A "**Related Party Transaction**" is any current or proposed financial transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant, and in which any Related Person had, has or will have a direct or indirect material interest irrespective of profit or loss (including any transactions requiring disclosure under Item 404 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended), other than transactions available to all U.S. employees of the Company.

### **Transactions Exempted from Audit Committee Approval Requirements**

The following transactions (the "**Exempt Transactions**") shall *not* require Audit Committee approval:

1. Any employment by the Company of an executive officer of the Company if:
  - a. the compensation is required to be reported in the Company's proxy statement or annual report on Form 10-K pursuant to Item 402 of Regulation S-K or any successor rule (generally applicable to "**named executive officers**"); or
  - b. the executive officer is not a named executive officer, *provided that* the executive officer is not an immediate family member of any other executive officer or any director of the Company and the Company's Compensation Committee approved (or recommended that the Board approve) such compensation.
2. Any compensation paid to a director for their service on the Company's Board of Directors or on any Board committee if the compensation is required to be reported

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<sup>1</sup> Examples of such relationships may include but are not limited to: (a) a party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (b) a party can significantly influence the management or operating policies of the transacting parties or that has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

in the Company's proxy statement or Annual Report on Form 10-K pursuant to Item 402 of Regulation S-K or any successor rule.

3. Any transaction with another company at which a Related Person's only relationship is as an employee (excluding companies where the Related Person serves as an executive officer or a director or otherwise controls such company) or beneficial owner of less than 5% of that company's shares.
4. Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock, the Related Party's ownership interest in the company represents less than 5% of that company's shares and the Related Party will not receive any benefit as a result of the transaction other than benefits accruing to the other company and its shareholders generally.
5. Transactions available to all employees generally.
6. All Related Party Transactions that individually or in the aggregate since the start of the last fiscal year have a value of less than the applicable materiality threshold.

## **Implementation**

Company management will develop procedures and practices (collectively, the "**Implementation Guidelines**") intended to facilitate compliance with this Policy. Management will discuss the Implementation Guidelines and any material changes to the Implementation Guidelines with the Audit Committee. For the avoidance of doubt, management retains the authority to adopt and modify the Implementation Guidelines.

## **Owner**

This policy has been approved by the Board of Directors. The Audit Committee will review and may amend this policy from time to time.