

# **GUIDELINES FOR SALARY AND OTHER REMUNERATION TO LEADING PERSONNEL IN NORWEGIAN PROPERTY ASA**

## **Introduction**

### Background and purpose

These guidelines (the "Guidelines") govern the remuneration to leading personnel in Norwegian Property ASA (the "Company"). The guidelines were determined by the Board of Directors and approved at the Company's Annual General Meeting on 16 April 2021.

The Guidelines have been prepared in accordance with the provisions of Section 6-16 a, of the Public Limited Companies Act, supplemented by the Regulations on guidelines and reporting of remuneration for leading personnel.

Remuneration to members of the Company's management is vital for harmonising the shareholders' interests with the interests of the leading personnel. The main purpose of these 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 Company's long-term interests and strategy while ensuring shareholders' influence and the Company's financial sustainability.

The Guidelines are designed to attract, retain and motivate the members of the Senior Management Team. The Guidelines have been designed to align the interests of the executives with those of the shareholders.

### The Company's leading personnel

The Company's leading personnel include the Board of Directors elected by the Company's General Meeting and the Senior Management Team specified in the Company's annual report.

## **Decision making process**

### Remuneration of The Board of Directors

The Nomination Committee recommends the compensation policy and the annual fees for the Board of Directors. The annual fees are approved by the Annual General Meeting and paid quarterly in advance. ( )

The Nomination committee is independent of the board and the executive management to avoid conflict of interest.

### Remuneration of The Senior Management Team

The Board's Compensation Committee is a committee of the Board and act as a preparatory and advisory body for the Board. The Compensation Committee prepares and evaluates the compensation policy and make recommendations for the Board of Directors. The members of the Compensation Committee should be independent of the executive management to avoid conflict of interest.

On the basis of the assessments from the Compensation Committee, the Board of Directors approves the total compensation of the CEO and ensures that the guidelines are otherwise complied with. The CEO decides the compensation of the other members of the Senior Management Team subject to a limit approved by the Board. .

The Compensation Committee typically covers the following matters during the year:

- Review of the guidelines
- Recommendation on the total remuneration of the CEO
- Assessment of fulfilment of objectives for last year and on resulting bonuses
- Recommendation on objectives for the coming year

#### The Annual Remuneration Report

The Company shall annually prepare and publish a Remuneration Report which provide an overview of the remuneration for the Company's leading personnel. The report gives shareholders the opportunity to compare actual remuneration with the Guidelines in order to evaluate that the Guidelines have been complied with. The Company's auditor shall ensure that the Report includes all information required by the law and regulations. The Annual General Meeting shall hold an advisory vote on the report.

### **Fixed remuneration**

#### The Board of Directors

The Chair, the Deputy Chair, Board members and members of the Nomination Committee respectively receive a competitive fixed annual amount. Service on the Audit Committee and the Compensation Committee does not entitle board members to additional fees.

The annual fees are set each year and approved by the Annual General Meeting.

#### The Senior Management Team

Members of the Company's Senior Management Team will receive a competitive basic annual salary, based on the individual's responsibilities and level of expertise. The basic annual salary is set to attract and retain executives with professional and personal competences required to drive the company's performance. The salary is evaluated against relevant benchmarks.

The Board of Directors determines the CEO's annual salary. The CEO negotiates the salary for the other members of the Senior Management Team. The remuneration is assessed annually, and the Board ensures that the remuneration is in accordance with these guidelines.

### **Variable remuneration**

#### The Board of Directors

The Board does not normally receive variable fees. In order to attract special competence, such remuneration can be considered in individual cases, such as the existing option scheme.

Any variable remuneration is approved by the Annual General Meeting.

#### The Senior Management Team

#### *Bonuses*

As part of the employment contract, members of the Senior Management Team may receive variable bonus payments. Such bonuses are determined by the individual's own performance in meeting key targets for the company, a department or a subsidiary in which the individual is employed. These targets may comprise meeting various improvement initiatives or financial criteria, including the

company's share-price performance. The company does not have the right to demand repayment of such variable remuneration.

Criteria for the CEO's performance will be set by the Board, while the CEO will set targets for the other members of the Senior Management Team. The targets should be in line with the Company's business and sustainability strategy, as well as long-term interests, and financial capacity, and as far as possible be measurable. Bonuses should not exceed the regular annual salaries for the Senior Management Team.

#### *Share option schemes*

The Senior Management team can be offered a share option schemes. The General Meeting shall approve details of any option schemes.

Board member, Carl Erik Krefting, has options which are exercisable and need to be exercised within 19 October 2021 for subscription of 500,000 shares in the Company.

CEO, Bent Oustad, has options which need to be exercised within 1 July 2022 for subscription of 5,750,000 shares in the Company as follows: 3,750,000 of the options are exercisable, and the remaining 2,000,000 options will be exercisable from 1 January 2022.

#### *Non-cash benefits*

The Senior Management team can be offered certain non-cash benefits, such as, company car, insurance and pensions. Other non-cash benefits comprise mobile phone and newspapers so that the senior management team stay updated and accessible. The Senior Management Team participate in the Company's defined contribution pension plan.

#### *Payments after contract termination*

The members of the Senior Management team have a six-month notice period.

Salary can be paid after termination of employment for a period of up to one year when agreed in the employment contract and in other special circumstances. Salary payments after employment termination where a member of the Senior Management Team does not have these payments documented in their employment contract must be approved by the Board of Directors.

The Company will support the rights the personnel has under the existing general pension scheme to receive payments prior to the general pension age, but does not intend to implement specific early retirement pension schemes (such as the Norwegian AFP).

#### *General*

The above criteria for receiving bonuses and other variable remuneration are set and individually adapted, inter alia to contribute to the Company's strategies, including its long term goal in providing good return on investment to its shareholders, including set maximum bonus levels to ensure financial capacity.

Largely the existing terms of engagement for leading personnel reflect the Guidelines.

### **How employee pay and conditions were considered when setting the policy**

When making decisions about Senior Management Team remuneration and setting the contents of the remuneration policy, the Board of Directors and the Remuneration Committee also consider the remuneration arrangements in place for the wider workforce. The remuneration structure reflects the

individual's role, skills, and experience. Employees are entitled to base salary and benefits, and may also receive a bonus. All employees participate in the Company's defined contribution pension plan.

Compensation for employees follows the same principles and performance measures applied to the Senior Management Team. Strong individual performance, as well as the individual's experience and sustained performance, will be recognised and rewarded.

The Senior Management Team annually reviews compensation for the Company's wider workforce.

## **Changes to and deviation from the Guidelines**

### Deviating from the Guidelines

The Board of Directors may, on recommendation from the Remuneration Committee and based on its full discretion in the circumstances described below to ensure the Company's interests, resolve to temporarily deviate from any sections of these guidelines:

- upon change of the CEO;
- upon changes in Company's group structure, organization, ownership and/or business (for example merger, takeover, demerger, acquisition, etc.);
- upon material change in the Company's strategy;
- upon changes in or amendments to the relevant laws, rules, or regulations (for example for regulatory, stock exchange control, tax or administrative purposes or to consider change in legislation or corporate governance requirements or guidance);
- upon other exceptional circumstance where the deviation may be required to serve the interests and sustainability of the company as a whole or to assure its viability.

Any deviation from the guidelines shall be reported in the remuneration report for the relevant year. If a deviation has continued so that it cannot be deemed temporary, the Company shall prepare updated guidelines to be presented at the next possible General Meeting.

### Changes of the Guidelines

In the event of any significant changes to the Guidelines and at least every four years, the Guidelines shall be approved by the Company's General Meeting.

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