

# SAGA PURE ASA - REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

## 1 INTRODUCTION

### 1.1 About this Policy

The overall aim of this remuneration policy for the Board of Directors and the executive management team (the "**Policy**") is to provide a framework for remuneration at Saga Pure ASA ("**Saga Pure**" or the "**Company**", and together with its consolidated subsidiaries, the "**Group**"), as well as specific guidelines for incentive pay, based on an understandable and comprehensive overview of the remuneration provided by Saga Pure.

The Policy and the remuneration guidelines herein shall apply to; (i) the Board of Directors (the "**Board**"), and (ii) the CEO of the Company and the senior management team of the Company (jointly, the "**Executive Management Team**"), and is subject to approval by the general meeting of the Company upon its first adoption, and later upon any material changes or at least every four years. This Policy shall, subject to approval by the general meeting, become effective immediately following the annual general meeting of the Company in 2021.

This Policy has been prepared in accordance with Section 6-16a of the Norwegian Public Limited Companies Act, and the Norwegian Regulation on guidelines and report for executive personnel (Nw: *Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer*).

### 1.2 Objectives

The overall objectives of this Policy are to:

- Support the purpose and sustainability of Saga Pure;
- Align the remuneration components with the interests of shareholders and other stakeholders relevant to the above;
- Support delivery of Saga Pure's strategic priorities; and
- Provide guidelines for establishing remuneration to the Executive Management Team that attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

### 1.3 Preparation and implementation of this Policy

The Board is responsible for preparing this Policy with regards to remuneration guidelines for the Executive Management Team. Further, the Board is responsible for implementing and evaluating the remuneration and other terms and conditions of appointment for the Executive Management Team pursuant to this Policy.

The Board is also responsible for preparing this Policy with regards to remuneration guidelines for the Board, and the Board is responsible for implementing and evaluating the remuneration of the Board members pursuant to this Policy.

The Board is responsible for proposing the Policy for adoption at the Company's general meeting from time to time.

#### **1.4 Consideration of employee pay and employment conditions when preparing this Policy**

When making decisions about executive remuneration and setting the contents of this Policy, the Board also considered the remuneration arrangements in place for the Group's wider workforce.

Compensation for employees outside the Executive Management Team follows the same principles applied to executives, i.e. salary and employment conditions within comparable companies and within the investment and finance industry in general.

#### **1.5 Conflicts of interest**

The Board has proposed to the annual general meeting to be held in 2021 to establish a nomination committee, which tasks will include *inter alia* preparing recommendations for remuneration of Board members. Consequently, and assuming that the general meeting approves the proposal from the Board, no conflicts of interests should arise in respect of remuneration of the members of the Board. Further, the remuneration payable to the Board members for each year are finally approved by the shareholders in the annual general meeting of the Company.

The Board acts independently of the Executive Management Team, and no members of the Executive Management Team are present at Board meetings when the remuneration of the Executive Management Team is discussed, so no conflicts of interest should arise in respect of remuneration of the Executive Management Team.

## **2 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS**

### **2.1 Process**

Assuming that the general meeting approves the Board's proposal to establish a nomination committee, the nomination committee will prepare proposals for remuneration of Board members. The proposed levels of remuneration to the Board members shall be reviewed at least annually, in connection with the annual general meeting.

The proposals for remuneration of the Board members are presented to the general meeting for approval before they come into effect. The remuneration of the Board members is approved as a separate item on the agenda of the annual general meetings of the Company.

### **2.2 Fee levels**

The Chairman and each member of the Board of Directors receives a fixed annual fee, which amount may be paid quarterly.

Individual Board members may be required to take on specific ad hoc tasks outside their normal duties assigned by the Board, and such tasks may also be agreed through service agreements with companies affiliated to Board members. In each such case, the Board shall determine a fixed fee for the work carried out related to those tasks. The fixed fee will be disclosed in the annual remuneration report.

## **2.3 Benefits**

Additional fees or benefits may be provided to reflect, for example, accommodation, office, transport and other business-related expenses incurred while carrying out their role.

## **2.4 Incentive plans**

Board members are not eligible to participate in any incentive arrangements operated by Saga Pure.

# **3 REMUNERATION OF THE EXECUTIVE MANAGEMENT TEAM**

## **3.1 Overall objective and principles**

The overall objective of the remuneration guidelines for the Executive Management Team can be summarized as set out below:

- The total compensation offered to the members of the Executive Management Team shall be competitive.
- The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.
- The compensation shall be motivating, both for the individual and for the Executive Management Team as a group.
- Any variable elements in the total compensation to the Company's senior executives shall be linked to the values generated by the Company for Saga Pure's shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Company, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Company.

## **3.2 Process**

The terms and conditions of the CEO's employment are decided by the Board.

The terms and conditions of the employment of the other members of the Executive Management Team are based on discussions between the relevant member of the Executive Management Team and the CEO. Following this, an employment offer is prepared to the relevant member of the Executive Management Team.

Any salary increases and other amendments to the employments terms shall be based on a review by the CEO and the Board at the start of each year, taking into account trends in local labor markets, the results achieved, and individual contributions to the development of the Company.

### 3.3 Remuneration elements and guidelines

Set out below are an overview of the various elements of the remuneration of the Executive Management Team.

#### 3.3.1 Fixed salary

The fixed salary which each member of the Executive Management Team receives is a consequence of existing employment agreements. When entering into employment agreements with persons who are intended to be part of the Executive Management Team, the overall objectives set out in section 3.1 will be taken into account.

Adjustments of individual fixed salaries will be carried out in accordance with trends in local labor markets, the results achieved, and individual contributions to the development of the Company.

**Purpose and link to strategy:** To provide fixed remuneration allowing Saga Pure to offer its senior executives a competitive salary level compared to similar companies.

#### 3.3.2 Pension

Saga Pure has a defined contribution pension plan according to the mandatory requirements under Norwegian law. The amount of Company paid pension contributions are set considering the wider workforce rate and market practice in Norway.

**Purpose and link to strategy:** Encourages planning for retirement and long-term saving.

#### 3.3.3 Benefits

Saga Pure's remuneration strategy include only a limited number of benefits in kind, including but not limited to coverage of telephony, broadband costs and newspaper subscriptions. These benefits are offered in line with what is common practice in the Norwegian labor market, and the Company intends to continue such benefit schemes in accordance with existing employment agreements and local practice.

**Purpose and link to strategy:** Provide market competitive and cost-effective benefits.

#### 3.3.4 Bonus payments

Saga Pure currently has no bonus arrangement with its Executive Management Team. However, the Company may from, time to time, award discretionary bonuses to its employees. Such discretionary bonuses will, if paid, be determined by the CEO and the Board jointly.

**Purpose and link to strategy:** To incentivize delivery of Saga Pure's objectives and ensure a clear link with value creation.

#### 3.3.5 Share option program

In October 2020 and in February 2021, the general meeting of the Company authorized the Board of Directors to issue share options to employees and key persons in the Company. Subject to approval

of an authorization from the general meeting to issue additional share options from time to time, the Board of Directors considers that a share option program should be in place for employees and key persons in the Company.

Under the authorization to issue share options, the Board of Directors are authorized to determine who should be offered share options, the number of share options to be allocated to each individual, as well as the strike price and other conditions for the share options.

Any share options allocated shall be subject to vesting periods of up to 36 months from their date of grant, and will also be subject to individual expiration periods (implying that the share options will expire automatically if they are not exercised within a certain amount of time). The share options will generally not be subject to lock-up provisions.

**Purpose and link to strategy:** The share options are a tool to incentivize the option holders to work for long-term value creation for the Company and its shareholders.

### **3.4 Employment contracts**

#### **3.4.1 Notice periods**

Saga Pure may terminate the employment of an executive by giving 3 to 6 months' notice. Executives may terminate their employment by giving Saga Pure 3 to 6 months' notice.

#### **3.4.2 Severance payment**

No member of the Executive Management Team is entitled to any severance payment beyond salary during the notice periods for termination of employment.

## **4 BOARD DISCRETION TO DEVIATE FROM THIS POLICY**

The Board may, to ensure Saga Pure's long-term interests, resolve to temporarily deviate from any sections of this Policy in the following instances;

- Upon change of the CEO and other members of the Executive Management Team;
- Upon changes in the Group structure, organization, ownership and/ or business (for example in relation to mergers, takeovers, demergers, acquisitions etc.);
- Upon material changes in the Company's strategy;
- Upon changes in or amendments to relevant laws, rules or regulations (for example for regulatory, stock exchange control, tax or administrative purposes or to consider changes in legislation or corporate governance requirements or guidance); and
- Upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

Any deviation from this Policy 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 an amended policy to be presented at the next possible general meeting.