



# Notice of Annual General Meeting of AF Gruppen ASA

The Annual General Meeting of AF Gruppen ASA will be held on Friday 12 May 2023 at 10:30 at Innspurten 15, 0663 Oslo, Norway.

## Agenda

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Item	Description	Enclosure no.
1	Opening of meeting by Board Chairman Pål Egil Rønn and registration of shareholders attending. In accordance with Article 6 of the Articles of Association, the Board Chairman also chairs the meeting	
2	Election of at least one person to countersign the minutes	
3	Approval of the notice and the proposed agenda	
4	Briefing on operations	
5	Briefing on the work of the Board, work of the Audit Committee and work of the Remuneration Committee (also see item 6)	1 and 2
6	Consideration of the Board's guidelines for determining salary and other remuneration to senior managers, cf. section 6-16a of the Public Limited Companies Act (cf. Note 33 to the annual report)	3
7	Advisory vote on Report on salary and other remuneration of senior executives, cf. section 6-16b of the Public Limited Liability Companies Act	4
8	Adoption of the annual accounts and annual report for 2022, including the consolidated accounts and distribution of dividends, and discussion of the statement on corporate governance	
9	Approval of auditor's fees	
10	Determination of Directors' fees for the financial year 2022	5
11	Election of Board of Directors	5
12	Election of Nomination Committee	5
13	Determination of the Nomination Committee's fees for the financial year 2022	5
14	Authority to the Board to purchase treasury shares	
15	Authority to carry out private placing to employees	
16	Authorisation to the Board to increase the share capital by issuing new shares	
17	New option programme	
18	Authorisation for the Board to decide on distribution of dividends	

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AF Gruppen ASA has a share capital of NOK 5,385,100 made up of 107,702,000 shares, each with a face value of NOK 0.05. Each share gives the right to one vote at the company's general meetings. As at the date of this notice, AF Gruppen ASA owns 47,000 treasury shares.

The shareholders have the following rights in connection with general meetings:

- Right to attend general meetings, either in person or by proxy.
- Right to speak at general meetings and right to bring one adviser and give them the right to speak.
- Right to demand information from board members and the CEO regarding matters that may have a bearing on the assessment of (i) the approval of the annual accounts and annual report, (ii) issues that are submitted to the shareholders for a decision and (iii) the company's financial position, including on the activity in other companies in which the company participates, and other issues to be dealt with by the General Meeting, unless the details that are demanded would cause disproportionate damage to the company.
- Right to propose alternatives to the Board's proposals for the issues to be dealt with by the General Meeting.

The shares will be listed ex-dividend on 15 May 2023. The dividend will be paid on 25 May 2023.

Shareholders who wish to attend the General Meeting must inform the company no later than two days prior to the meeting, cf. section 6 of the Articles of Association. Queries about attendance, comments on the notice and other questions may be sent to the company by email to [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no) no later than 10 May 2023.

Shareholders may participate digitally at the General Meeting. Shareholders wishing to participate digitally are asked to contact the company at [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no) as soon as possible and no later than one week before the date of the General Meeting, i.e. no later than 5 May. Practical matters related to such participation will be communicated to those concerned in reasonable time before the meeting.

We encourage all shareholders to use the attached proxy form. The proxy authorisation, with or without voting instructions, must be provided in writing and sent to the company no later than 10 May 2023 (email to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)).

This meeting notice and enclosures, the Articles of Association of the company and the annual report for 2022 are available on the company's website: [www.afgruppen.no](http://www.afgruppen.no).

Oslo, 21 April 2023  
AF Gruppen ASA

Pål Egil Rønn  
Board Chairman

Attachments:

Proxy form

Registration form

Report from the Audit Committee

Report from the Competence and Remuneration Committee

Board of Directors' guidelines for determination of fixed pay and other remuneration to senior managers

Report on salary and other remuneration of senior executives

Report from the Nomination Committee



## Details of Items 6-10 and 13-18 on the agenda:

### **Item 6 Approval of the Board's guidelines for determining salary and other remuneration to senior managers**

The Board has updated the company guidelines for determining salary and other remuneration to senior managers cf. section 6-16a of the Public Limited Companies Act. The updated guidelines are enclosed to this notice.

#### ***Proposal for adoption:***

The General Meeting approves the Board's guidelines for determining salary and other remuneration to senior managers

### **Item 7 Advisory vote on Report on salary and other remuneration of senior executives**

The Board has prepared a report on salary and other remuneration of senior executives for 2022 (pursuant to the requirements of section 6-16b of the Public Limited Liability Companies Act). The report is attached to the notice. Pursuant to the Public Limited Liability Companies Act, an advisory vote on the report shall be held.

#### ***Proposal for adoption:***

*The General Meeting endorses the Report on salary and other remuneration of senior executives for 2022.*

### **Item 8 Adoption of annual accounts and annual report for 2022, including the consolidated accounts and the distribution of dividends**

The Board proposes that the General Meeting adopt the annual accounts and annual report.

It is proposed that a dividend of NOK 6.50 per share be paid in the first half of 2023.

No dividend will be payable for treasury shares.

### **Item 9 Approval of auditor's fees**

With reference to Note 8 to the financial statements (Other operating expenses), the Board proposes that the auditor's fee be determined on a "time and materials" basis.

### **Item 10 Determination of Directors' fees for the financial year 2022**

The Nomination Committee proposes the following fees (previous fees in parentheses):

Board Chairman	NOK 566,000	(539,000)
Other board members		
Shareholder-elected Board members	NOK 337,000	(321,000)
Employee-elected Board members	NOK 288,000	(274 500)
Committee Chairman		
Remuneration Committee	NOK 87,000	(83,000)
Audit Committee	NOK 87,000	(83,000)
Committee members		
Remuneration Committee	NOK 71,000	(67,500)
Audit Committee	NOK 71,000	(67,500)



**Item 13**      **Determination of the Nomination Committee's fees for the financial year 2022**

The Board proposes the following annual fees for the Nomination Committee (previous fees in parentheses):

Chairperson	NOK 56,500	(54,000)
Members	NOK 44,500	(42,500)

**Item 14**      **Authority to the Board to purchase treasury shares**

At the Annual General Meeting held on 13 May 2022, the Board was authorised to purchase treasury shares up until the Annual General Meeting in 2023, and in any case no later than 30 June 2023. The Board proposes that this authority be renewed until the Annual General Meeting in 2024, but no later than 30 June 2024.

The Board proposes that the General Meeting authorise the Board to purchase treasury shares within the limitations allowed by the Public Limited Liability Companies Act. The purpose of this authority is to give the company an opportunity to purchase shares in situations where this would be in the company's interest.

**Proposal for adoption:**

*The Board is authorised to acquire the company's own shares, including the establishment of charges created by agreement.*

*The highest nominal value of the shares the company may acquire is NOK 538,510, although at all times within the limitations set in section 9-2 of the Public Limited Liability Companies Act. The smallest amount that may be paid for a share is NOK 0.05. The maximum amount that may be paid for a share is NOK 300.*

*When buying and selling treasury shares the company should seek to achieve the most favourable price possible. The Board is free with respect of the methods used to acquire and dispose of treasury shares, though always with the provision that the general principle of equal treatment of shareholders must be observed. The Board of Directors may award shares to new employees. In the event of a sale of shares to employees and officers, shares may be sold at a discount of up to 20% based on the prevailing stock exchange price, however, so that if the sale is made as a result of the exercise of options granted under the Company's stock option programmes, the sale price shall correspond to the exercise price of the options. Acquisition and disposal of treasury shares may thus occur, for example, with settlement in cash, with settlement by means other than cash or as settlement in connection with a merger or demerger.*

*The company's share capital is NOK 5,385,100 made up of 107,702,000 shares, each with a face value of NOK 0.05. If the share capital or face value of the shares is changed, the amounts specified in the second to fourth sentences shall be changed correspondingly.*

*This authority for the Board replaces the previous authority dated 13 May 2022 and will apply until the date of the Annual General Meeting in 2024, but no later than 30 June 2024.*

**Item 15**      **Authority to carry out private placing to employees**

In recent years, all AF Gruppen employees, through AF Gruppen's share programme, have been offered the opportunity to purchase shares at a 20% discount to the average market price during the subscription period. It is desirable that similar opportunities should be



provided in 2023. As of today's date, the company owns 47,000 treasury shares. In order to obtain a sufficient number of shares to enable this sale of shares to employees, it may be necessary to issue new shares. Thus, the Board will ask the Annual General Meeting to authorise it to issue a limited number of shares for employees so that employees can buy shares in the company in 2023.

**Proposed resolutions, cf. Sections 10-14 to 10-19 of the Public Limited Liability Companies Act:**

*The Board is authorised to increase the share capital by issuing new shares.*

*The share capital may be increased by a total of up to NOK 50,000 through the issuing of up to 1,000,000 shares, each with a face value of NOK 0.05. The authority can be exercised through one or more issues. The statement of the share capital and number of shares in Article 4 of the Articles of Association shall be changed correspondingly.*

*The authority may only be used to issue shares in connection with the company's share programme and incentive programme for employees in the Group.*

*The Board may decide to deviate from the shareholders' pre-emptive right to subscribe for shares under section 10-4 of the Public Limited Liability Companies Act.*

*The authority is valid until the date of the Annual General Meeting in 2024, but no later than 30 June 2024.*

**Item 16**

**Board authorisation to issue shares in connection with acquisition of business**

The Board proposes that the Annual General Meeting authorise the Board to increase the share capital by up to NOK 161,553 (3% of the presently registered paid-in share capital) by issuing new shares. The authority is valid until the 2024 Annual General Meeting, but not beyond 30 June 2024.

The justification for the proposal is that the authorisation will provide greater flexibility in connection with acquisition of business.

**Proposed resolutions, cf. Sections 10-14 to 10-19 of the Public Limited Liability Companies Act:**

*The Board is authorised to increase the share capital by issuing new shares. The share capital may be increased by up to NOK 160,511.44. The authority can be exercised through one or more issues.*

*The statement of the share capital and number of shares in Article 4 of the Articles of Association shall be changed correspondingly.*

*The authority may only be used to issue shares in connection with the purchase of a business.*

*The Board may decide to deviate from the shareholders' pre-emptive right to subscribe for shares under section 10-2 of the Public Limited Liability Companies Act.*

*The Board may decide that share contributions may be assets other than cash, or the right to involve the company in special obligations pursuant to section 10-2 of the Public Limited Liability*



*Companies Act. If share contributions are to be settled by assets other than cash, the Board may decide that such assets be transferred to subsidiaries in return for corresponding settlement between the subsidiary and AF Gruppen ASA.*

*The authority is valid until the date of the Annual General Meeting in 2024, but no later than 30 June 2024.*

## **Item 17 New option programme**

At the Annual General Meeting in May 2020, a three-year option programme for employees of AF Gruppen was adopted, with the distribution of a maximum of 4,000,000 options for the years 2020–2022.

Since its initial introduction in 2008, the option programme has formed an important component of employees' remuneration and has over time contributed to good value creation for both employees and shareholders. The fact that the scheme covered all employees has been particularly positive. Shares purchased by exercising options have a one-year lock-in period.

As one of several tools for achieving AF Gruppen's future objectives, the Board is of the opinion that the option programme has been important for the company. The Board is therefore of the opinion that it will be appropriate to continue with a new option programme for employees. From experience, such a scheme will motivate to increased efforts, as well as ensuring that the Group remains an attractive employer for the employees.

The Board therefore proposes that a new option program is implemented for all employees of AF Gruppen. It is proposed that the maximum number of shares that can be distributed over the three-year period is 5,000,000.

- Each option entitles the holder to acquire a share in AF Gruppen ASA.
- The option scheme will cover all employees.
- The Board is authorised to distribute the options between the different employee groups.
- It is proposed to introduce the incentive scheme in 2023 with allotments up to 2025.
- It shall be a condition of exercising awarded options that the option holder is still employed in the Group on 1 March 2026.
- The options shall not be transferable.
- It is proposed that the employee shall pay NOK 1.- per option.
- The price of exercising the option shall be determined by the board in accordance with the share's market value.
- In the event of oversubscription, distribution will be curtailed in proportion.
- The exercise price is adjusted for dividends exceeding 50% of the year's earnings per share.

For other conditions, refer to the proposal for adoption below.

Redemption of options will result in employer's National Insurance contributions for the company to the extent that the market value of the shares at the time of redemption exceeds the redemption price added to the option premium.

The total accounting cost for the option programme is estimated at NOK 110 million spread over the option period 2023–2026 based on the Black-Scholes option pricing model



(excluding employer's National Insurance contributions) and the market price per share on the allotment date of NOK 150.

The maximum number of options may constitute 4.6% of the total number of shares as at 21 April 2023. Any dilution of existing shares will depend on the market price on the allotment date of the options.

**Proposal for adoption:**

An option scheme shall be established for all employees of AF Gruppen. The maximum number of options that can be granted is 5,000,000. Each option entitles the holder to acquire a share in AF Gruppen ASA.

The option programme entails an annual allotment of options for 2023, 2024 and 2025, with the allotment starting in 2023. The Board is authorised to distribute the options between the different employee groups.

The employee must pay NOK 1.00 per option to acquire options. The exercise price is determined as the market value of the shares.

The exercise of options shall take place during the first quarter of 2026 following a decision by the Board of Directors. *It is a condition of exercising options that the holder is still employed by the group on 1 March 2026.*

The Board is given authority to prepare the detailed guidelines for the scheme within the framework that has been given.

The General Meeting will ensure that the Board has the necessary authority at all times to issue new shares and/or acquire treasury shares, so that the company's obligations to the employees in accordance with the option scheme can be fulfilled.

**Item 18**

**Authorisation for the Board to decide on distribution of dividends**

AF Gruppen's dividend policy is to provide shareholders with a competitive dividend yield. The dividend must be stable and ideally rise in line with the earnings performance. The dividend must reflect the company's earnings and financial position and must over time comprise a minimum of 50% of the company's earnings.

The company pays out dividends up to twice a year, preferably after the Annual General Meeting and after presentation of the quarterly report for the third quarter. In 2022, the General Meeting authorised the Board to decide on the distribution of any dividend for the second half of the year and the Board will recommend to the General Meeting that this authorisation should also be renewed for 2023.

**Proposal for adoption:**

*In accordance with section 8-2 (2) of the Public Limited Liability Companies Act, the Board is granted authorisation to decide on the distribution of dividends for the second half of 2023 based on the company's annual accounts for 2022.*

*This authorisation is valid until the Annual General Meeting in 2024, but not beyond 30 June 2024.*



# Registration

for the

## Annual General Meeting of AF Gruppen ASA on 12 May 2023

The undersigned holder of ..... shares in AF Gruppen ASA wishes to attend (in-person) the company's General Meeting on 12 May 2023 at 10:30.

....., date ..... /..... 2023

.....

Signature

.....

Name in BLOCK CAPITALS

Registration must reach the company no later than wednesday 10 May 2023.  
The registration form can be sent to the company by email ([generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no))





## Proxy authorisation for the General Meeting of AF Gruppen ASA

The undersigned holder of ..... shares in AF Gruppen ASA hereby authorises the Chairman of the Board to attend and vote for my/our shares in AF Gruppen ASA at the Annual General Meeting on 12 May 2023.

**My/our voting instructions are as follows (please mark below as applicable):**

Issue	For	Against	Abstain
3 Approval of the notice and the proposed agenda			
6 Approval of the Board's guidelines for determining salary and other remuneration to senior managers, cf. section 6-16a of the Public Limited Companies Act			
7 Advisory vote on Report on salary and other remuneration to senior managers, cf. section 6-16b of the Public Limited Companies Act			
8 Approval of annual accounts and annual report			
9 Approval of auditor's fees			
10 Determination of the Board of Directors' fees			
11 Election of board members, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
11.1 Bømark, Hege (re-election)			
11.2 Holth, Kristian (re-election)			
11.3 Djoudat, Saloume (re-election)			
11.4 Veiby, Erik T. (re-election)			
11.5 Herud, Hilde Kristin (re-election)			
11.6 Gjertsen, Marianne E. (new)			
11.7 Grongstad, Morten – Board Chairman (new)			
12 Election of Nomination Committee, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
12.1 Engeland, Roar (re-election)			
12.2 Holth, Roy G. (re-election)			
12.3 Fjeld jr., Tor Øyvind (re-election)			
12.4 Stray, Christina (new)			
13 Determination of the Nomination Committee's fees			
14 Authority to the Board to purchase treasury shares			
15 Authority to carry out private placing to employees			
16 Authorisation to the Board to increase the share capital by issuing new shares			
17 New option programme			
18 Authorisation for the Board to decide on distribution of dividends			

If no voting instructions are given, the proxy will be free to vote on behalf of the shareholder.

The proxy authorisation must reach the company no later than 10 May 2023 (email to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)).

....., date ..... /..... 2023

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Signature

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Name in BLOCK CAPITALS



## Report from the Audit Committee 2022/2023

The Company's Audit Committee is made up of three shareholder-elected board members.

Kristian Holth (Chairman)  
Hege Bømark  
Hilde Herud

The company's CFO Anny Øen participates in all Committee meetings.  
The company's auditor, Thomas Whyte Gaardsø, has attended all meetings.

AF Gruppen's board appoints the Audit Committee, which shall consist of at least three shareholder-elected board members and be elected for one year at a time. The Audit Committee shall, as a whole, have the expertise necessary to fulfil its tasks based on AF Gruppen's organisation and activities. At least one of the members of the Audit Committee must be independent of the enterprise and have qualifications in accounting or auditing.

The committee shall act as a preparatory and advisory body for the board in matters relating to:

- i. the financial reporting process, including monitoring systems for internal control and risk management
- ii. the sustainability reporting process
- iii. the statutory audit

The Board determines the mandate of the Audit Committee and is described in the "Mandate for the Audit Committee". The following tasks are included in the Audit Committee's mandate:

Tasks related to the financial reporting process:

- Preparing the Board's quality assurance of quarterly and annual financial reports, including the ESEF annual report. This includes assessing:
  - valuation items and events of significance
  - The significance of climate risk
  - impairment tests and assessments related to goodwill and other assets
- Manage management plan and summary of risk management and internal control over financial reporting. This includes assessing:
  - wealth management and liquidity management
- Considering a summary from management of changes in rules relevant to financial reporting.
- Assessing competence and capacity related to economic and financial reporting and control in the Group.

Tasks related to the sustainability reporting process

- Prepare the board's quality assurance of sustainability reporting.

Tasks related to the statutory audit:

- Prepare and recommend the election of an external auditor.
- Maintain ongoing contact with the company's elected auditor about the audit of the annual accounts, including in particular monitoring audit performance in the light of issues raised by Finanstilsynet (the Financial Supervisory Authority of Norway)
- Assess and monitor the auditor's independence, including approving additional services and following up the amount of the auditor's fee for additional services.

- Manage the auditor's plan for audit performance, including the auditor's quantitative materiality assessments.
- Process summaries from the auditor and ensure that the auditor's orders or recommendations are followed up by management.
- Consider the supplementary report from the auditor when preparing the annual accounts.

The Audit Committee has held six meetings since the previous General Meeting. The Audit Committee has reviewed the following matters:

- Account reporting:
  - Review of quarterly reports
  - Preliminary result for 2022 and proposed dividend for 2022
  - Annual accounts and annual report for 2022
  - Evaluation of annual report
  - Impairment test of intangible assets
  - Tax – the year's income tax expense and current tax payable
  - EU taxonomy - sustainable activities
  - New rules and regulations that AF and the audit committee must adhere to, including the Transparency Act
  - ESEF reporting
- Auditing
  - Audit Plan 2022, including quantitative materiality limit for the audit
  - Summary of interim audit for 2022, including project understanding, accounting management and internal control
  - Review summary of audit for 2022
  - Assessment of the auditor's fee and the independence of the auditor
  - Review of supervisory matters by the elected auditor
  - Auditor's services beyond statutory audit
  - The auditor's supplementary report to the Audit Committee
- Internal control
  - Transactions with related parties
  - Raw material and material prices; how is AF affected
  - Risk management in AF
  - GDPR

The Audit Committee has given its recommendation for the issues it has dealt with for final resolution by the Board.

Oslo, 30.03.23  
Kristian Holth



## Report from the Competence and Remuneration Committee 2022/2023

The company's Competence and Remuneration Committee (CRC) is made up of four shareholder-elected board members:

- Pål Egil Rønn (Chairman)
- Saloume Djoudat
- Arne Baumann
- Erik T. Veiby

The company's CEO participates in the meetings.

The purpose of the Competence and Remuneration Committee is to act as a preparatory and advisory body for the Board of Directors on matters concerning salary and other remuneration for senior executives, i.e. the CEO and the Corporate Management Team's other members, share-based compensation and general follow-up of the work on competence and leadership development.

The Committee's mandate has been adopted by the Group Board and is described in "Mandate for the Competence and Remuneration Committee." The Committee follows the Guidelines for determination of fixed pay and other remuneration to senior managers that was submitted to the General Meeting (appendix 3). These guidelines form the basis of the Report on remuneration of senior executives 2022 (appendix 4), that has been prepared by the Board of AF Gruppen ASA.

The following tasks are included in the Remuneration Committee's mandate:

- Prepare proposals for guidelines for salary and other remuneration to the CEO and other group management that motivate and contribute to long-term value creation. Other remuneration may include bonuses, share-based remuneration, severance pay and pension. After consideration by the Board of Directors, the guidelines must, in the event of any material changes and at least every four years, be submitted to the General Meeting for consideration and approval.
- Prepare proposals for salary and other remuneration for the CEO.
- Ensure that a report is prepared each financial year that provides a general overview of the paid and retained salary and remuneration and remuneration covered by the guidelines for the remuneration of senior executives. The General Assembly must hold an advisory vote on the report.
- Ensure that the company prepares gender equality reports in accordance with statutory requirements.
- Prepare proposals for programmes for share-based remuneration based on shares in AF Gruppen ASA. Share-based remuneration may include share and option programmes.
- Follow up AF Gruppen's overall work on competence and leadership development, including succession planning.

The Competence and Remuneration Committee (CRC) has held three ordinary meetings since the Annual General Meeting on 13 May 2022.

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The main issues that have been reviewed in the past year are:

- Guidelines for determination of fixed pay and other remuneration to senior managers
- Report on remuneration of senior executives 2022
- Review of principles and frameworks for AF Gruppen's bonus programme
- Determination of the CEO's remuneration
- Assessments related to future share and options programmes
- Assessments of the company's general work on competence and leadership development

Oslo 20 April 2023  
Pål Egil Rønn

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***Guidelines for determination of fixed pay and other remuneration to senior managers*****1. About the guidelines**

These guidelines have been prepared by the Board of Af Gruppen ASA in accordance with section 6-16a of the Public Limited Companies Act and the Regulations on guidelines and reporting on remuneration to senior managers. The guidelines relate to the determination of salary and other remuneration to the Managing Director, other senior managers, and employees who are members of the Board. Senior managers are persons as mentioned in section 7-31b of the Accounting Act, i.e. senior executives and Board members. Senior executives are the CEO and EVPs.

The Board of Directors has the overall responsibility for the guidelines.

In special circumstances, the Board of Directors may temporarily waive the guidelines. Proposals to waive the guidelines will be considered by the Board's Competence and Remuneration Committee prior to consideration by the Board of Directors.

The guidelines will be discussed by the company's General Meeting at least every four years. Any significant change to the guidelines must also be discussed at the General Meeting.

This year's benefits to senior executives and the Board of Directors are covered by a separate note to the financial statements.

**2. Procedures for determining remuneration to the CEO, EVPs and Board members**

The Board of Directors has the overall responsibility for determining the salary and other remuneration to the CEO and the EVPs. The Board of Directors determines the salary and other remuneration of the CEO.

The Board of Directors has established a Competence and Remuneration Committee. The Committee comprises four shareholder-elected Board members. Part of the purpose of the Competence and Remuneration Committee is to act as a preparatory and advisory body for the Board in matters relating to salary and other remuneration for senior executives.

AF Gruppen has an Nomination Committee which is elected by the General Meeting. The Nomination Committee proposes the remuneration to be paid to the Board members. A decision on remuneration to the Board members is made by the General Meeting.

**3. Key principles for salary and other remuneration to the CEO and EVPs**

Salary and other remuneration shall be determined on the basis of an overall objective of whether the total remuneration contributes to long-term value creation. This means that AF Gruppen's business strategy must be realised, long-term interests safeguarded and financial sustainability maintained and developed. To achieve these objectives, AF Gruppen relies on recruiting and retaining the right employees. AF Gruppen's principles for pay and other remuneration to senior managers are intended to contribute to this.

The main principles for salary and other remuneration are as follows:

- The salaries paid to the CEO and EVPs are made up of a fixed component, the base salary, and a variable component in the form of a bonus.
- The sum of the base salary and bonus constitutes the total remuneration the employees receive for their services.
- The scope of the variable component of the remuneration depends on to what degree the defined economic targets are achieved.
- The total remuneration that is offered shall be competitive in relation to comparable positions and the market.

AF Gruppen has determined that the amount of fixed pay should be moderate with few benefits in kind, but that it should be possible to earn a bonus that ensures that the total consideration is competitive.

**4. Determination of the CEO's remuneration**

The Board of Directors in consultation with the Competence and Remuneration Committee determines the remuneration for the CEO. The CEO has otherwise the same employment terms and notice period as other employees. There are no agreements relating to severance pay or early retirement. The notice period for the CEO is 3 months. There are no special termination conditions for the CEO.

**5. Determination of the remuneration of EVPs**

The Board of Directors establishes guidelines for the remuneration of the EVPs in consultation with the CEO. There are no agreements relating to severance pay or early retirement. The notice period for the EVPs is 3 months. There are no special termination conditions for the EVPs.

**6. Bonus**

Bonuses to the CEO and EVPs are paid according to the Economic Value Added (EVA) model. EVA is a method of calculating and analysing value creation in the Group and financial units below the group level. Bonuses based on the EVA model paid to the CEO and EVPs are linked to value creation for the Group and the individual business area through the financial year. The return requirement for average capital employed in the bonus model is set at 12%. EVA will be positive when the return on average invested capital is over 12%. Bonuses to the CEO and EVPs are determined as an annual fixed percentage of EVA. If EVA is negative, no bonus will be paid.

Of the total bonus earned, 25% can be used to buy shares at a 20% discount and the remainder is paid in cash. The lock-in period for the shares is one year.

**7. Purchase of treasury shares**

The General Meeting has authorised the Board of Directors to make a private placement to the company's employees in order to manage the company's share programme for employees. Shares can be sold to employees, subject to the approval of the Board of Directors at a 20% discount on the prevailing market price. The offer to purchase shares made to the CEO and EVPs is the same as to the offer made to other employees.

**8. Options scheme**

Since 2008, AF Gruppen has had three-year option schemes for all employees in the Group. The option schemes are approved by the general meeting on the basis of a proposal from the board. The Board prepares the guidelines for the option programmes. Each option entitles the holder to acquire a share in AF Gruppen ASA. The option scheme entails an annual grant of options with exercise of the option in the fourth year. The options are distributed among different groups of employees. Each employee shall pay a price when acquiring an option of NOK 1,- per option. The exercise price is determined at the market value of the share at the time of subscription, adjusted for that portion of the dividend paid per share that exceeds 50% of earnings per share in the previous year. The CEO and EVPs will be able to be awarded options under this option scheme.

**9. Pension**

In line with other employees, the CEO and Group Executive Vice Presidents are covered by a defined-contribution pension scheme, limited to 12G, as well as a defined benefit multi-company scheme for AFP (private contractual pension). There are no agreements on supplementary pensions for the CEO or the EVPs.

**10. Benefits in kind**

The CEO and EVPs receive benefits in kind in the form of allowances for work travel, data connections and mobile phones on par with those given to other employees. Beyond this, the CEO and EVPs receive no other benefits in kind, including an AF Gruppen company car.

**11. Directors' fees**

The members of the Board receive a fixed annual fee. Board members who are members of a Board committee receive a fixed annual supplement for this.

## Recommendations of the Nomination Committee to the General Meeting of AF Gruppen ASA, 12 May 2023

### 1. Morten Grongstad proposed as new chairman of the board and Marianne E. Gjertsen as new board member

Grongstad (47) is currently CEO of SGF. He was previously CEO of AF Gruppen and prior to that was Executive Vice President of AF with responsibility for Building and Real Estate. Grongstad has a past as head of Fornebu Utvikling AS and Orkla Eiendom AS and holds an MSc in Business and Economics from BI Sandvika. Grongstad sits on the boards of Stokke Industri AS, Treschow-Fritzøe AS and Utstillingsplassen.

Marianne Gjertsen Ebbesen (51 years) holds a Master of Business Administration from BI Norwegian Business School, and is currently Executive Vice President of OBOS with responsibility for Boligutvikling Trehus, which has real estate and construction operations in Norway and Sweden. She has held various roles in OBOS' corporate management team since 2019. Ebbesen has extensive management experience from the finance industry, including positions as Chief Operating Officer for Group Functions in Nordea and Executive Vice President in DNB. She has board experience from Gjensidige Pensjonsforsikring AS, Odevo AB and several subsidiaries in OBOS.

The nomination committee is confident that Morten Grongstad as chair and Marianne Gjertsen Ebbesen as new board member will help ensure that the board of AF Gruppen is well equipped for the future.

**Proposal for adoption:** The Annual General Meeting approves the following persons to constitute the company's shareholder-elected part of the board:

- |   |                                   |
|---|-----------------------------------|
| • Morten Grongstad, Chairman of the Board | New nomination                    |
| • Hege Bømark                             | Re-elected, 11 years on the Board |
| • Kristian Holth                          | Re-elected, 8 years on the Board  |
| • Saloume Djoudat                         | Re-elected, 2 years on the Board  |
| • Hilde Kristin Herud                     | Re-elected, 1 year on the Board   |
| • Erik Tømmeraas Veiby                    | Re-elected, 1 year on the Board   |
| • Marianne Ebbesen Gjertsen               | New nomination                    |

Pål Egil Rønn has, at his own request, and after a long and impressive service as chairman of the board, decided to leave the board. Similarly, Arne Baumann has chosen to leave the board after a long and good service.

### 2. Directors' fees

The Nomination Committee is concerned that the change in Board fees in AF Gruppen over time should reflect the changes in the market as a whole. An increase is therefore proposed that reflects the year's wage settlement (lead sectors) in the order of 5%.

The Nomination Committee presents the following remuneration proposal for approval (previous fees in parentheses):

Chairman of the Board	:	NOK 566,000	(539,000)
Other board members			
elected by shareholders	:	NOK 337,000	(321,000)
employee elected	:	NOK 288,000	(274,500)





Committee members			
Remuneration Committee	:	NOK 71,000	(67,500)
Audit Committee*	:	NOK 71,000	(67,500)
Committee Chairman			
Remuneration Committee	:	NOK 87,000	(83,000)
Audit Committee	:	NOK 87,000	(83,000)

**Proposal for adoption:** The Annual General Meeting adopts the fees as proposed.

### 3. Fees for members of the Nomination Committee

The Board proposes the following for adoption concerning the remuneration of the Nomination Committee (previous fees in brackets):

Chairman of Nomination Committee	:	NOK 56 500	(54,000)
Members of the Nomination Committee	:	NOK 44,500	(42,500)

**Proposal for adoption:** The Annual General Meeting adopts the fees as proposed.

### 3. Election of members to the Nomination Committee

Marianne Johnsen is leaving the nomination committee to free up capacity for other positions. As a new member, Christina Stray, Director of Compliance and Legal Affairs at the National Insurance Scheme Fund, is proposed.

This means that all four largest owners will continue to be represented on the committee.

**Proposal for adoption:** The General Meeting elects the following persons to constitute the company's Nomination Committee:

- Roar Engeland, Committee Chairman Re-elected, 5 years on the Committee
- Roy Holth Re-elected, 5 years on the Committee
- Tor Øyvind Fjeld jr. Re-elected, 1 year on the Committee
- Christina Stray New nomination

Oslo, 12 April 2023

Roar Engeland  
Chairman of Nomination Committee