

## Notice of Annual General Meeting of AF Gruppen ASA

The Annual General Meeting of AF Gruppen ASA will be held on Tuesday 11 May 2021 at 10:30 at Innspurten 15, 0663 Oslo, Norway.

**IMPORTANT:** To help prevent the spread of the Covid-19 virus, shareholders are urged not to attend the General Meeting in person, but rather to take the opportunity to vote in advance or appoint a proxy using the attached form.

### Agenda

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 (see also item 6)	1 , 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 32 to the annual report)	3
7	Adoption of the annual accounts and annual report for 2020, including the consolidated accounts and distribution of dividends, and discussion of the statement on corporate governance	
8	Approval of auditor's fees	
9	Determination of Directors' fees for the financial year 2020	4
10	Election of Board of Directors	4
11	Election of Nomination Committee	4
12	Determination of the Nomination Committee's fees for the financial year 2020	4
13	Authority to the Board to purchase treasury shares	
14	Authority to carry out private placing to employees	
15	Authorisation to the Board to increase the share capital by issuing new shares	
16	Authorisation for the Board to decide on distribution of dividends	



AF Gruppen ASA has share capital of NOK 5,299,924.85 made up of 105,998,497 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 47,121 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 12 May 2021. The dividend will be paid on 25 May 2021.

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 7 May 2021.

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 by Friday 7 May 2021 (email to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)). The company reserves the right to take any measures needed to comply with the applicable infection control rules at the time of the General Meeting.

The General Meeting will be transmitted as a webcast. To follow the General Meeting as a webcast, use the attached registration form.

This meeting notice and enclosures, the Articles of Association of the company and the annual report for 2020 are available on the company's website: [www.afgruppen.no](http://www.afgruppen.no).

Oslo, 20 April 2021  
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 from the Nomination Committee

**Details of Items 7-9 and 12-16 on the agenda:**

**Item 7 Adoption of annual accounts and annual report for 2020, 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 2021.

No dividend will be payable for treasury shares.

**Item 8 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 9 Determination of Directors' fees for the financial year 2020**

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

Board Chairman	NOK 520,000	(495,000)
Other board members		
Shareholder-elected Board members	NOK 310,000	(295,000)
Employee-elected Board members	NOK 265,000	(250,000)
Committee Chairman		
Remuneration Committee	NOK 80,000	(75,000)
Audit Committee	NOK 80,000	(75,000)
Committee members		
Remuneration Committee	NOK 65,000	(60,000)
Audit Committee	NOK 65,000	(60,000)

**Item 12 Determination of the Nomination Committee's fees for the financial year 2020**

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

Chairperson	NOK 52,000	(50,000)
Members	NOK 41,000	(40,000)

**Item 13 Authority to the Board to purchase treasury shares**

At the Annual General Meeting held on 15 May 2020, the Board was authorised to purchase treasury shares up until the Annual General Meeting in 2021, and in any case no later than 30 June 2021. The Board proposes that this authority be renewed until the Annual General Meeting in 2022, hence not beyond 30 June 2022.

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 529,992.49, although at all times within the limitations set in section 9-2 of the Public Limited Liability Companies Act. The minimum 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 favorable 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. For the sale of shares to employees and officers, shares may be sold at a discount of up to 20% under the prevailing market price. 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 5,299,924.85 made up of 105,998,497 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 former authority dated 15 May 2020 and will apply until the date of the Annual General Meeting in 2022, but no later than 30 June 2022.*

#### **Item 14**

##### **Authority to carry out private placing to employees**

In the last few years all of AF Gruppen's employees have been given an opportunity to buy shares at a 20% discount in relation to the average share price during the subscription period. It is desirable that similar opportunities should be provided in 2021. As of today's date, the company owns 47,121 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. Therefore, the Board asks 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 2021.

##### **Proposed for adoption, 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 power of attorney 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 authorisation is valid until the date of the Annual General Meeting in 2022, but no later than 30 June 2022.*

**Item 15****Authorisation to the Board to increase the share capital by issuing new shares**

The Board proposes that the Annual General Meeting authorise the Board to increase the share capital by up to NOK 158,997.75 (3 per cent of the presently registered paid-in share capital) by issuing new shares. This authorisation is valid until the 2022 Annual General Meeting, but not beyond 30 June 2022.

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

***Proposed for adoption, 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 158,997.75. 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 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 authorisation also applies in the event of a decision to merge, pursuant to section 135 of the Public Limited Companies Act. The authorisation may also be used in those cases discussed in section 5-15 of the Stock Exchange Act.*

*This authority is valid from and including 11 May 2021 until and including the date of the Annual General Meeting in 2022, but not beyond 30 June 2022.*

**Item 16****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 2020, 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 be renewed for 2021 as well.



***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 2021 based on the company's annual accounts for 2020.*

*This authorisation is valid until the Annual General Meeting in 2022, but not beyond 30 June 2022.*



# Registration

for the

## Annual General Meeting of AF Gruppen ASA on 11 May 2021

The undersigned holder of ..... shares in AF Gruppen ASA wishes to attend the company's General Meeting via webcast on 11 May 2021 at 10:30.

....., date ..... /..... 2021

.....

Signature

.....

Name in BLOCK CAPITALS

.....

Email address

**IMPORTANT:** To help prevent the spread of the Covid-19 virus, shareholders are urged not to attend the General Meeting in person. Shareholders who still wish to attend in person are asked to contact the company by email: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)

A link to the webcast will be sent from the company to the shareholder by email. Please note that it will not be possible to vote via webcast. This must be done in advance by submitting the proxy authorisation form

Registration must reach the company no later than Friday 7 May 2021.

The registration form can be sent to the company by post or email ([generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no))



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

**IMPORTANT:** To help prevent the spread of the Covid-19 virus, shareholders are urged not to attend the General Meeting in person, but rather to take the opportunity to vote in advance or appoint a proxy using this form.

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 11 May 2021.

**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 Approval of annual accounts and annual report			
8 Approval of auditor's fees			
9 Determination of the Board of Directors' fees			
10 Election of board members, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
10.1 Bømark, Hege (re-election)			
10.2 Holth, Kristian (re-election)			
10.3 Alvendal, Kristina (re-election)			
10.4 Rønn, Pål Egil – Board Chairman (re-election)			
10.5 Baumann, Arne (re-election)			
10.6 Digre, Kjetel (re-election)			
10.7 Djoudat, Saloume (new)			
11 Election of Nomination Committee, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
11.1 Engeland, Roar (re-election)			
11.2 Holth, Roy G. (re-election)			
11.2 Johnsen, Marianne E. (re-election)			
11.3 Veiby, Erik T. (new)			
12 Determination of the Nomination Committee's fees			
13 Authority to the Board to purchase treasury shares			
14 Authority to carry out private placing to employees			
15 Authorisation to the Board to increase the share capital by issuing new shares			
16 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 7 May 2021 (email to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)).

....., date ..... /..... 2021

.....  
Signature

.....  
Name in BLOCK CAPITALS





## Report from the Audit Committee 2020/2021

The company's Audit Committee is made up of three shareholder-elected Board members:

Hege Bømark (Chairman)  
Borghild Lunde  
Kjetel Digre

The company's CFO Sverre Hærem participates at all Committee meetings.  
The company's auditor, Thomas Whyte Gaardsø, has attended all meetings.

The purpose of the Audit Committee is to assist the Group Board with the management and performance of the Board's supervisory duties pursuant to sections 6-12 and 6-13 of the Public Limited Liability Companies Act. The Audit Committee's mandate is adopted by the Group Board and described in the "Mandate for the Group Board's Audit Committee".

The following duties are included in the Audit Committee's mandate:

- Assess the Group's financial and account reporting
- Evaluate the auditing, nominate an auditor for election and explain the auditor's fees broken down by auditing and other services to the Annual General Meeting.
- Assess the Group's internal controls, including:
  - Group's management of risk
  - Group's internal control functions and authority matrix
  - Group's cash management
  - Group's ability to perform assessments, improve, execute, and follow up investment decisions
  - Organisational matters related to financial reporting and control in the Group

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

- Account reporting:
    - Review of quarterly reports
    - Preliminary result for 2020 and proposed dividend for 2020
    - Annual accounts and annual report for 2020
    - Impairment test of intangible assets
    - Evaluation of annual report
    - Tax – the year's income tax expense and current tax payable
  - Audits
    - Audit plan for 2020
    - Interim audit, including:
      - Project understanding, accounting management, risk management
    - Review of auditing in 2020
    - Assessment of the auditor's fee and the independence of the auditor
    - Review of new Audit Act
    - Auditor's services beyond statutory audit
  - Internal control
    - Introduction of MAR 01.03.2021 and consequences for AF Gruppen
    - Transactions with related parties
    - Implementation of the Group's risk and finance management systems in HMB and Betonmast
    - Experience from the first year of ownership and management of Betonmast
    - Review of the Group's new Financial Dashboard for profit and liquidity management in the Group
    - GDPR and cyber risk
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The Audit Committee has given its recommendation for the issues it has dealt with for final resolution by the Board.

Oslo, 24.03.21  
Hege Bømark



## Report from the Competence and Remuneration Committee 2020/2021

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

- Pål Egil Rønn (Chairman)
- Kristian Holth
- Arne Baumann
- Kristina Alvendal

The company's CEO, Morten Grongstad, participates in the meetings.

The purpose of the Competence and Remuneration Committee is to act as a preparatory body for the Board in matters that concern the evaluation and fixing of pay and other remuneration determined for the CEO, in addition to being an advisor to the CEO in connection with determining the terms for members of the Corporate Management Team. The Committee must follow up the Group's overall work on competence and management development and provide advice on such matters, including management evaluations and succession planning.

The Committee's mandate is adopted by the Group Board and described in the "Mandate for the Competence and Remuneration Committee". The Committee follows the Guidelines for determination of fixed pay and other remuneration to senior managers (Enclosure 3).

The Committee's work includes questions related to salary, bonus, options, severance pay, early retirement and retirement pension, as well as follow-up of the company's overall work on competence and management development.

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

- Evaluate whether the remuneration of the CEO and the rest of the Corporate Management Team is appropriate and adapted to the operations.
- Prepare and recommend proposals for the remuneration of the CEO, including adjustment of the fixed pay, bonuses and other incentive schemes and present these to the Board for evaluation and a decision.
- Prepare and present the employees' participation in any new issues, share programmes, etc. to the Board.
- Present guidelines for the remuneration of senior executives to the Board, which will be presented to the Annual General Meeting for their information/approval after review by the Board.
- Prepare and present other significant personal matters that are related to the remuneration of senior executives to the Board.
- Follow up the company's management development and succession planning and be a consultant on matters related to organisational development.

The Competence and Remuneration Committee (CRC) has held four ordinary meetings since the Annual General Meeting on 15 May 2020.

The most important matters that have been reviewed:

Review of principles and frameworks for AF Gruppen's bonus programme

- The guidelines and principles for calculating bonuses in 2021 will be continued based on the change that was made in 2020, where the Corporate Management Team's bonus rates will be adjusted downwards by 4 per cent every year to reflect the expected underlying growth in the market.
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#### Appointment of new CEO

- The Committee has had a thorough and good process in connection with the appointment of AF Gruppen's new CEO. An Appointment Committee, consisting of CRC and two board members, was established to lead the process that led to appointing Amund Tøftum as CEO in August 2020.

#### Determination of the CEO's remuneration

- The CEO's fixed pay was unchanged in 2020
- Processing and approval of the CEO's bonus agreement for 2021. Bonus rates for 2021 will be reduced by 4 per cent in relation to the level in 2020.

See item 3, 4 and 6 in enclosure 3

#### Guidelines for compensation for the Corporate Management Team of AF in 2020

- Bonus rates for 2021 will be reduced by 4 per cent in relation to the level in 2020.

See item 3, 5 and 6 in enclosure 3

#### Assessments related to future share and options programmes

- The Committee has had detailed discussions about any continuation of the company's share programme, which will be presented to the Annual General Meeting for a decision.
- The main conclusion is that both the share and option programmes have been a clear contributing factor to the relatively high proportion of employee shareholders in the company. This in turn produces common incentives between employees and other shareholders with respect to long-term value creation.
- It is proposed that the share programme be continued in the same form as was adopted at the previous Annual General Meeting in May 2020.

See item 7 and 8 in enclosure 3

#### Organisation development and succession planning

- AF Gruppen is perceived as an attractive employer. The quality of recruitment that is carried out directly from schools and among experienced candidates is excellent.
- AF Gruppen saw significant growth in turnover in 2020 and the Committee has particularly focused on the company's ability to cultivate new employees and develop new generations of managers. This is probably the most important focus area and will be the greatest risk factor in the coming years as well.
- Bringing forward more female managers and ensuring recruitment of the best people regardless of gender, race, ethnicity, education, sexual orientation, etc. is a clear focus area for the Corporate Management Team. This work has been fronted through the #DeBesteFolka ("the best people") initiative. The proportion of women being recruited among new employees is increasing and the company experienced increased interest from qualified female applicants throughout 2020. (See also the Company's diversity and equality report for 2020)
- Succession planning takes place at several levels in AF, and the overall talent pool of managers in the company is perceived as good. The model of recruiting senior managers internally works well and contributes to ensuring a continuation of a strong AF culture in the company.

Oslo, 19 April 2021

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 salary and other remuneration to the CEO and the EVPs.

The Board of Directors has established a Competence and Remuneration Committee. The Committee consists of four shareholder-elected Board members. The purpose of the Competence and Remuneration Committee is to act as a preparatory body for the Board in matters that concern the evaluation and fixing of pay and other remuneration to the CEO, and to act as advisors to the CEO in determining the conditions for the EVPs.

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 are based on an overall objective that AF Gruppen should realise its business strategy, safeguard its long-term interests and maintain and develop its financial sustainability. 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 in economic units below 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 EVA model shows the ratio between profit and average invested capital. The return requirement for average invested capital 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 per cent can be used to buy shares at a 20 per cent 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 programme**

At the General Meeting on 15 May 2020, it was decided to establish a new option programme for all employees in the Group. It is proposed that the maximum number of shares that can be distributed over the three-year period should be 4,000,000. Each option entitles the holder to acquire a share in AF Gruppen ASA. The option programme provides for an annual allotment of options for 2020, 2021 and 2022, to be exercised from 2023 onwards. The Board has been 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 share's market value at the time of issue. The CEO and EVPs will be able to be awarded options under this option scheme.

#### **9. Pension**

Like other employees, the CEO and EVPs are covered by a defined-contribution pension scheme, limited to 12G, as well as a defined-benefit multi-enterprise scheme for contractual early retirement pensions (AFP) which is financed by premiums set at 1% of salary. 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. AF Gruppen has an agreement with the Department of Civil and Environmental Engineering at NTNU for AF Gruppen to cover the costs of a 15% Professor II position at NTNU for the Chairman of the Board. The Board members do not receive any other form of remuneration from the company beyond this.



## Recommendations of the Nomination Committee to the General Meeting of AF Gruppen ASA, 11 May 2021

### 1. Saloume Djoudat is proposed as a new member of the Board for the next year

The Nomination Committee made a thorough assessment of the company's strategy and organisation. On this basis, the Board of Directors proposes to the General Meeting that Saloume Djoudat be elected as a new member of the Board, replacing Borghild Lunde who is stepping down after six years as a Director. The other six shareholder-elected Board members are all up for re-election.

Djoudat is 42 years old, a lawyer, a partner in Bull & Co for eight years and currently "Head of Corporate". She has extensive experience as a lawyer, and specialises in the legal challenges facing the business community. She is in her sixth year on the Board of Atea. Saloume is committed to a practical and commercial approach, and is passionate about culture building and leadership. To be clear, the Nomination Committee stresses that Djoudat is proposed for election for the general skills that she possesses, and not to provide the Board with legal expertise (which will however be a natural by-product).

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

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| • Pål Egil Rønn, Board Chairman | Re-elected, 5 years on the Board  |
| • Arne Baumann                  | Re-election, 3 years on the Board |
| • Hege Bømark                   | Re-election, 9 years on the Board |
| • Kristian Holth                | Re-election, 6 years on the Board |
| • Kjetel Digre                  | Re-election, 2 years on the Board |
| • Kristina Alvendal             | Re-election, 2 years on the Board |
| • Saloume Djoudat               | New nomination                    |

### 2. Directors' fees

The Nomination Committee recommended last year that no increase in fees be granted in view of the demanding and uncertain situation facing the company at the start of the coronavirus pandemic.

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. It is therefore proposed to pay a supplement this year to provide some compensation for the lack of any increase last year.

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

Chairman of the Board	:	NOK 520,000	(495,000)
Other board members			
elected by shareholders	:	NOK 310,000	(295,000)
elected by employees	:	NOK 265,000	(250,000)
Committee members			
Remuneration Committee	:	NOK 65,000	(60,000)
Audit Committee*	:	NOK 65,000	(60,000)



Committee Chairman			
Remuneration Committee	:	NOK 80,000	(75,000)
Audit Committee	:	NOK 80,000	(75,000)

### 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 52 000	(50,000)
Members of the Nomination Committee	:	NOK 41 000	(40,000)

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

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

The Nomination Committee proposes that Erik T. Veiby, representing ØMF Holding AS (the second largest shareholder of AF Gruppen), be elected to the Nomination Committee. This will mean that all four of the largest owners are represented.

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

- Roar Engeland, Committee Chairman Re-election, 3 years on the Committee
- Roy Holth Re-election, 3 years on the Committee
- Marianne Johnsen Re-election, 3 years on the Committee
- Erik T. Veiby New nomination

Oslo, 13.04.2021

Roar Engeland  
Chairman of Nomination Committee