

## Notice of Annual General Meeting of AF Gruppen ASA

The Annual General Meeting of AF Gruppen ASA will be held on Friday 15 May 2020 at 10:30. Based on infection control considerations related to the COVID-19 virus, the meeting will be conducted digitally with electronic voting. See the attached guide for online participation.

### 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	1 and 2
6	Review of the Board of Directors' statement on the determination of fixed pay and other remuneration for senior employees, cf. section 6-16a of the Public Limited Liability Companies Act	3
7	Adoption of the annual accounts and annual report for 2019, 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 2019	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 2019	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	
17	Implemented option programme 2017-2020	
18	New option programme	



AF Gruppen ASA has a share capital of NOK 5,153,263.85 made up of 103,065,277 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 199,603 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 18 May 2020. The dividend will be paid on 27 May 2020.

Pursuant to the temporary Regulation of 27 March 2020, public limited liability companies are allowed to conduct general meetings as digital meetings with electronic voting. Based on infection control considerations related to the COVID-19 virus, the company has decided to conduct the Annual General Meeting as a digital meeting. All shareholders are invited to take part in the meeting via an online solution. Further details on online participation are provided in the enclosed guide. No registration is necessary for shareholders who want to participate via the online solution, although one must be logged in before the General Meeting starts in order to take part. Physically attending the General Meeting will not be possible.

We encourage shareholders who are unable to take part in the digital General Meeting to use the enclosed proxy form. The proxy must be provided in writing and sent to the company by no later than 13 May 2020 (send by email to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)).

This meeting notice and enclosures, as well as the Annual Report 2019, are available on the company's website: [www.afgruppen.no](http://www.afgruppen.no).

In accordance with Article 6 of the Articles of Association, the appendices to the notice of meeting are not sent by post to the shareholders. Shareholders who wish to receive a digital copy of the Annual Report 2019 may contact the company via email: [firmapost@afgruppen.no](mailto:firmapost@afgruppen.no).

Oslo, 24 April 2020  
AF Gruppen ASA

Pål Egil Rønn  
Board Chairman

Attachments:

Proxy form

Report from the Audit Committee

Report from the Remuneration Committee

Board of Directors' statement on the determination of fixed pay and other remuneration to senior executives

Report from the Nomination Committee

Online participation guide

**Details of Items 7-9 and 12-18 on the agenda:**

**Item 7 Adoption of annual accounts and annual report for 2019, including the consolidated accounts and the distribution of dividends**

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

It is proposed that a dividend of NOK 6.00 per share in the first half of 2020.

No dividend will be payable for treasury shares.

**Item 8 Approval of auditor's fees**

The Board proposes payment of the auditor's fees as invoiced.

**Item 9 Determination of Directors' fees for the financial year 2019**

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

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

**Item 12 Determination of the Nomination Committee's fees for the financial year 2019**

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

Supervisor	NOK 50,000	(50,000)
Members	NOK 40,000	(40,000)

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

At the Annual General Meeting held on 15 May 2019, the Board was authorised to purchase treasury shares up until the Annual General Meeting in 2020, and in any case not later than 30 June 2020. The Board proposes that this authority be renewed until the Annual General Meeting in 2021, hence not beyond 30 June 2021.

The Board Proposes that the Annual 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 515 326.39, 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 highest amount that may be paid for a share is NOK 250.*

*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. 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 5,153,263.85 made up of 103,065,277 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 2019 and will apply until the date of the Annual General Meeting in 2021, although not later than 30 June 2021.*

#### **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 are provided in 2020. As of today's date, the company owns 199,603 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 may buy shares in the company in 2020.

##### **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 2021, but not later than 30 June 2021.*

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

The Board proposes that the Annual General Meeting authorises the Board to increase the share capital by up to NOK 154,597.92 (3 per cent of the presently registered paid-in share capital) by issuing new shares. This authorisation is valid until the 2021 Annual General Meeting, but not later than 30 June 2021.

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 154,597.92. 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 15 May 2020 until and including the date of the Annual General Meeting in 2021, although not after 30 June 2021.*

**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 2019, the Annual 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 2020 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 2020 based on the company's annual accounts for 2019.*

*This authorisation is valid until the Annual General Meeting in 2021, but not later than 30 June 2021.*

**Item 17**      **Implemented option programme 2017-2020**

In March 2020, 2,217,994 options were exercised by 913 employees. Since employees decided to exercise the options on 1 March, the uncertainty surrounding the coronavirus situation has resulted in a drop in the AF share price and the stock market otherwise. The combination of the drop in share price and increased uncertainty about possible furloughs means many of AF Gruppen's employees are facing a less clear picture of their liquidity situation.

Therefore, the Board proposes that the General Meeting revokes the lock-in period for the shares the employees purchased in connection with the exercising of the options and give all employees the right to sell the shares whenever they wish after 15 May 2020.

***The Board proposes that the General Meeting adopts the following resolution:***

The one-year lock-in period relating to the employees' purchase of shares in connection with the exercising of options in 2020 is hereby revoked from and including today's date.

**Item 18**      **New option programme**

At the Annual General Meeting in May 2017, a three-year option programme for employees of AF Gruppen was adopted, with the distribution of a maximum of 3,500,000 options for the years 2017-2020.

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 4,000,000.

- 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 2020 with allotments up to 2022.

- It shall be a condition of exercising awarded options that the option holder is still employed in the Group on 1 March 2023.
- 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 exercising price must be corrected for dividends that exceed 50% of net earnings per share.

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

Exercising options will lead to employer's national insurance contributions for the company to the extent that the shares' market value on exercising exceed the exercising price plus option premium.

The total accounting cost of the option programme is estimated at NOK 76 million divided over the option period 2020-2023, based on Merton's option price model (excluding employer's national insurance contributions) and a market price of NOK 160.

The maximum number of options may constitute 3.4 per cent of the total number of shares as at 24 April 2020. Any dilution of existing shares will depend on the market price on the date of the option.

***The Board proposes that the General Meeting adopts the following resolution:***

*An option scheme shall be established for all employees of AF Gruppen. The maximum number of options that can be granted is 4,000,000. Each option entitles the holder to acquire a share in AF Gruppen*

*ASA. The option programme entails an annual allotment of options for 2020, 2021 and 2022, with the allotting starting in 2020. The Board is authorised to distribute the options between the different employee groups.*

*The employee must pay NOK 1.- per option to acquire options. The exercise price is determined as the share's market value.*

*Options shall be exercised in the course of the first quarter of 2023 as decided by the Board. It is a condition of exercising options that the holder is still employed by the group on 1 March 2023.*

*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.*



# Proxy for the Annual General Meeting of AF Gruppen ASA

The undersigned, the holder of ..... shares in AF Gruppen ASA, hereby authorises

..... to attend and vote for my shares in  
(block capitals)

## AF Gruppen ASA at the Annual General Meeting on 15 May 2020.

Based on infection control considerations related to the COVID-19 virus, the company has decided to conduct the Annual General Meeting as a digital meeting. Physically attending the General Meeting will therefore not be possible. Shareholders who are unable to take part in the digital General Meeting are encouraged to use this proxy form to cast their votes at the General Meeting.

### 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			
7 Approval of annual accounts and annual report			
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 Lunde, Borghild (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 Alvendal, Kristina (re-election)			
11 Election of Nomination Committee, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
11.1 Fjeld, Tor Ø. (new)			
11.2 Engeland, Roar (re-election)			
11.2 Johnsen, Marianne E. (re-election)			
11.3 Holth, Roy G. (re-election)			
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			
17 Implemented option programme 2017-2020			
18 New option programme			

If no voting instructions are given the authorised party is free to vote on behalf of the shareholder.

The proxy must be in the company's hands by no later than 13 May 2020 (send by email to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no)).

....., date ..... /..... 2020

.....  
Signature

.....  
Name in BLOCK CAPITALS



## Report from the Audit Committee 2019/2020

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, Rita Granlund, or another representative of the auditor, participated in 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 Annual General Meeting. The Audit Committee has reviewed the following matters:

- Account reporting:
  - Review of quarterly reports
  - Preliminary results for 2019
  - Annual accounts and annual report for 2019
  - Impairment test of intangible assets including AF AeronMollier
  - Evaluation of annual report
  - Tax – the year's income tax expense and current tax payable
- Audits
  - Audit plan for 2019
  - Interim audit, including:
    - Project understanding, accounting management, risk management
  - Review of auditing in 2019
  - Assessment of auditor's fees
  - Assessment of auditor's independence
- Internal control
  - Review of rules and regulations the audit committee must relate to
  - Handling of the privacy regulations (GDPR)
  - Transactions with related parties
  - Labour market crime and money laundering
  - The Group's risk management and further development of the Group's risk management system, "Risk 2.0"
  - Loans and guarantees

In addition, meetings have been held to change the company auditor's responsible partner from Rita Granlund to Thomas Whyte Gaardsø in connection with Rita Granlund reaching the age for stepping down as a partner in PwC.

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

Oslo 30 March 2020  
Hege Bømark



## Report from the Competence and Remuneration Committee 2019/2020

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'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 three meetings since the Annual General Meeting on 15 May 2019.

The following matters have been reviewed:

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

- The committee has considered the assumptions for the model behind the bonus calculation for corporate management and executive employees, as well as the pros and cons of the model.
  - The main conclusion is that today's bonus programmes have had the desired effect in relation to the company's performance, and represent competitive terms for the employees in combination with a fixed salary. The Committee believes that it is an advantage for the company's shareholders that a significant proportion of the remuneration of senior employees is variable remuneration that is directly linked to the value creation in the company.
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- The guidelines and principles for calculating bonuses in 2020 will be continued based on the change that was made in 2019, 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.

#### Determination of the CEO's remuneration

- Determination of salary and bonus for the CEO in 2019. The CEO's fixed pay was increased by NOK 50,000 to NOK 3,800,000 with effect from 1 July 2019, i.e. an increase of 1.3%.
- Processing and approval of the CEO's bonus agreement for 2020. Bonus rates for 2020 will be reduced by 4 per cent in relation to the level in 2019.

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

- Moderate fixed salary adjustment for the Corporate Management Team. It has also been decided that the pay settlement in AF Gruppen will be moved to the third quarter of 2020 such that the settlement can better reflect the impacts of the coronavirus pandemic on the industry and AF Gruppen.
- Bonus rates for 2020 will be reduced by 4 per cent in relation to the level in 2019.

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

- The Committee has had detailed discussions about any continuation of the company's share and option programmes, which will both 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 exactly the same form as was adopted at the previous Annual General Meeting in May 2019.
- It is proposed that the option programme also be continued on the same basis as the previous option programme, but with an increase in volume from 3,500,000 options to 4,000,000 options. The change reflects the increase in the number of employees from around 3,000 in 2017 to around 5,600 in 2020. At the same time, account has been taken of the potential dilution effects for existing shareholders and the dilution effect is on a par with the previous programme given that the number of shares has also increased.

#### 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 2019 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 2019.
- 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.



## **Board of Directors' statement on the determination of fixed pay and other remuneration to senior executives**

The Board of Directors has prepared the following statement on the determination of fixed pay and other remuneration to senior executives pursuant to Section 6-16a of the Public Limited Liability Companies Act.

Senior executives are defined as the Corporate Management Team, which consists of the CEO and executive vice presidents.

### **1. Determination of fixed pay and other remuneration for senior employees**

#### *Main principles*

- The salaries of senior executives are made up of a fixed component, the base salary, and a variable component in the form of a bonus.  
The sum total 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.
- The Remuneration Committee is the Board of Directors' advisor for the evaluation of the terms for senior executives.

#### *Determination of the CEO's remuneration*

The Board of Directors determines the CEO's remuneration in consultation with the Remuneration Committee. 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.

#### *Determination of the remuneration of executive vice presidents*

The Board of Directors establishes guidelines for the remuneration of executive personnel in consultation with the CEO.

There are no agreements relating to severance pay or early retirement.

#### *Bonus*

Bonuses for senior executives are based on the EVA (Economic Value Added) 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 for senior executives are linked to the Group's value creation and the individual business area through the financial year.

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.

#### *Purchase of treasury shares*

Shares can be sold to senior executives, subject to the approval of the Board of Directors at a 20 per cent discount on the prevailing market price. Shares are offered to senior executives in the same way as to other employees.



### *Options*

At the Annual General Meeting on 12 May 2017 it was decided to establish a new option programme for all employees of AF Gruppen. The maximum number of options that can be granted is 3,500,000. Each option entitles the holder to acquire a share in AF Gruppen ASA. The option programme entails an annual allotment of options for 2017, 2018 and 2019, where allotment started in 2017. 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.

2,217,994 options were exercised in March/April 2020. The Board therefore proposes that a new option programme be implemented for all employees of AF Gruppen. The proposal will be presented to the Annual General Meeting.

### *Retirement benefit scheme and payments in kind*

Senior executives participate in the Group's retirement benefit scheme and receive payments in kind in the form of allowances for work travel, data connections and mobile telephones on par with that of other employees.

## **2. Remuneration policy in force in 2019**

### *Determination of the CEO's remuneration*

The terms for the CEO were set by the Board of Directors. The remuneration paid in 2019 was in accordance with the agreements entered into, and a bonus was paid for the financial year 2018 in addition to the salaries for 2019.

### *Determination of the remuneration of executive vice presidents*

The terms for the executive vice presidents were set by the CEO in consultation with the Board of Directors. The remuneration paid in 2019 was in accordance with the agreements entered into. A bonus was paid for the financial year 2018. Executive vice presidents' bonuses are paid on the basis of the EVA achieved in the Group.

## **3. Effect of changes to the remuneration arrangements agreed in 2019**

An arrangement was introduced in 2019 in which the bonus rates for the Corporate Management Team and CEO are adjusted downwards by 4 per cent per year. The downwards adjustment mechanism has also been continued for the bonus agreements for 2020.

## **4. Guidelines for the determination of fixed pay and other remuneration for 2020**

The determination of fixed pay will follow the same principles in 2020 as in 2019.

For further information, please refer to notes 7 and 32 in the annual report.



## Recommendations of the Nomination Committee to the Annual General Meeting of AF Gruppen ASA, 15 May 2020

### 1. It is proposed that the Board of Directors remain unchanged next year

At last year's Annual General Meeting, five shareholder-elected board members were re-elected and two newly elected. At that time, the Nomination Committee believed that the composition of the Board was such that the main competencies the Group needs were also well-represented on the Board.

A thorough new assessment has been made of the Board's composition and this has not altered the conclusion reached above. Given that society and the markets are currently experiencing an extremely complicated situation due to the coronavirus, the Nomination Committee is concerned with the need for continuity and stable framework conditions in the Board as well. The Nomination Committee therefore recommends that all shareholder-elected members be re-elected.

**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, 4 years on the Board |
| • Borghild Lunde                | Re-elected, 5 years on the Board |
| • Arne Baumann                  | Re-elected, 2 years on the Board |
| • Hege Bømark                   | Re-elected, 8 years on the Board |
| • Kristian Holth                | Re-elected, 5 years on the Board |
| • Kjetel Digre                  | Re-elected, 1 year on the Board  |
| • Kristina Alvendal             | Re-elected, 1 year on the Board  |

### 2. Directors' fees

Last year, the Nomination Committee recommended increasing fees in order to bring the company up to an average level that is representative for companies of AF Gruppen's kind. Even though this average has probably risen, this year the Nomination Committee recommends that the fees for the Board, board committees and Nomination Committee remain unchanged in solidarity with the difficult situation the company is facing due to the coronavirus. Nevertheless, the intention of the Nomination Committee remains ensuring that the development of fees for these groups will, over time, reflect the average for comparable companies.

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

Board Chairman	:	NOK 495,000	(495,000)
Other board members			
elected by shareholders	:	NOK 295,000	(295,000)
elected by employees	:	NOK 250,000	(250,000)
Committee members			
Remuneration Committee	:	NOK 60,000	(60,000)
Audit Committee*	:	NOK 60,000	(60,000)
Committee Chairman			
Remuneration Committee	:	NOK 75,000	(75,000)
Audit Committee	:	NOK 75,000	(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 50,000	(50,000)
Members of the Nomination Committee	:	NOK 40,000	(40,000)

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

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

The Nomination Committee purposes that Tor Øyvind Fjeld of ØMF Holding AS (second largest owner of AF Gruppen) be elected to the Nomination Committee. This will result in all four of the largest owners being represented.

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

- Roar Engeland, Committee Chairman Re-elected, 2 years on the Committee
- Roy Holth Re-elected, 2 years on the Committee
- Marianne Johnsen Re-elected, 2 years on the Committee
- Tor Øyvind Fjell snr. Newly elected

Oslo, 15 April 2020.

Roar Engeland  
Supervisor



"Firma-/Etternavn, Fornavn "  
"c/o"  
"Adresse1"  
"Adresse2"  
"Postnummer, Poststed"  
"Land"

**Meeting ID: 115-241-882 Username; «brukernavn» Password; «Passord»**

### ONLINE SHAREHOLDERS' MEETING GUIDE 2020

Due to the situation around Covid-19 and recommendations from the Norwegian authorities, shareholders will not be permitted to attend physically at this year's AGM in AF Gruppen ASA. The company requests that as many as possible instead participate through an established online solution, where you can participate using your smartphone, tablet or PC.

The technical solution is managed by DNB bank Verdipapirservice, which has licensed software from the company Lumi Ltd., in order to enable all shareholders to participate online.

By participating online, you as shareholders will receive live webcast from the general meeting, the opportunity to ask questions about the issues on the agenda and vote on each of the issues.

No registration is required for shareholders who wish to participate via the online solution, but one must be logged in before the general meeting starts.

**Shareholders may also grant a proxy with or without instructions as previous before the meeting. Please refer the notice for the AGM for further information on how to grant proxy.**

### HOW TO ACCESS THE ONLINE AGM

#### STEP (1)

In order to attend the online AGM you need access the Lumi solution by doing either of the following:

- a) **Use the Lumi AGM app:** Download the Lumi AGM app from the Apple Appstore or Google Play Store by searching for Lumi AGM, or
- b) **Visit <https://web.lumiagm.com>:** Go to the LUMI AGM website <https://web.lumiagm.com> either on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge and Firefox. Please ensure your browser is compatible.

#### STEP (2)

Once you have either downloaded the **Lumi AGM app** or entered <https://web.lumiagm.com> into your web browser, you'll be asked to enter the following **meeting ID** and click **join**:

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**Meeting ID: 115-241-882**  
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#### STEP (3)

You will then be required to enter your:

- a) Username; **«brukernavn»**
- b) Password; **«Passord»**

**You will be able to log in from 9:30 pm (cet) may 15. 2020**

When successfully authenticated, the info screen will be displayed. You can view company information, submit questions relating to the items on the agenda and live stream the webcast.

## Custodian registered and new shareholders after 21.04.2020

**Custodian registered shareholders:** Shares held in a nominee account must be transferred to a segregated account in the name of the real owner in order to be entitled to vote at the general meeting. Shareholders who do this are asked to send an email to [genf@dnb.no](mailto:genf@dnb.no) and ask for their username and password. Shareholders who have bought shares in the company after 21.04 can also get a username and password from [genf@dnb.no](mailto:genf@dnb.no)

### HOW TO VOTE

Once the voting has opened, the polling icon  will appear on the navigation bar at the bottom of the screen. From here, the resolutions and voting choices will be displayed.

To vote, simply select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received.

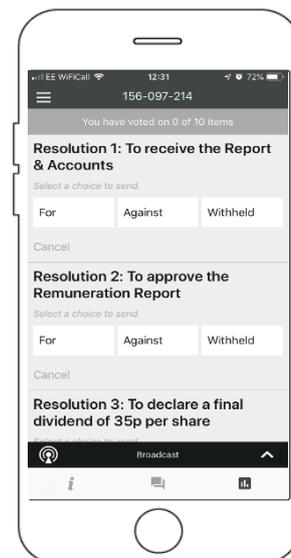
*For - Vote received*

To change your vote, simply select another voting direction. If you wish to cancel your vote, please press Cancel.

Once the chairperson has opened voting, voting on any item can be performed at any time during the meeting until the chairperson closes the relevant voting on the specific resolution. Your last choice before the individual vote is closed will be final and cannot be changed.

You will be able to send messages and attend the webcast while the poll is open.

Please note that if a proxy with or without voting instruction is registered prior to the AGM, this is final. The shareholder may still participate online but cannot cast votes.



### QUESTIONS TO THE CHAIRPERSON

Questions or messages relating to the items on the agenda can be submitted by the shareholder or appointed proxy at any time during the Q&A session up until the chairperson closes the session.

If you would like to ask a question relating to the items on the agenda, select the messaging icon. 

Type your message within the chat box at the bottom of the messaging screen. Once you have completed your message, click the send button.

Questions submitted online will be moderated before being sent to the chairperson to avoid repetition and remove any inappropriate language. All questions and messages will be presented with the full name and identity of the shareholder raising the question.

### DOWNLOADS

Links are present on the info screen. When you click on a link, the selected document will open in your browser.

Data usage for streaming the annual shareholders' meeting or downloading documents via the AGM platform varies depending on individual use, the specific device being used for streaming or download (Android, iPhone, etc) and the network connection (3G, 4G).