

## The board of directors' declaration on determination of salary and other remuneration to the executive management

### Advisory guidelines

*The guidelines covered under this section address general aspects and principles for executive remuneration and are subject to a separate vote at the annual general meeting, the result of which is advisory (non-binding) to the Board.*

The main purpose of the executive management remuneration is to encourage a strong and sustainable performance-based culture, which attracts, retains and develops qualified people with the right managerial and professional competencies, and thereby also supports and contributes to the Group profit and increased shareholder value.

The fundamental principle in the Company's determination of remuneration for its executive management is that the terms are to be competitive with the terms of positions with similar responsibility, workload and complexity in the same markets.

More specifically, this implies that the CEO and the executive management are given a base salary and other remuneration at a level reflecting the principles mentioned above.

### Remuneration includes:

1. **Base salary** - The base salary will be determined based on job level, local competition, market salary band for the job and performance level.
2. **Benefits** – The benefits are determined in light of market standards and job level. The Group does not have a collective retirement plan, but the companies within the Group have retirements plans in accordance with local market practice as well as in compliance with mandatory law where applicable.
3. **Annual bonus** – All executive management are eligible for an annual bonus. Performance related to an agreed set of targets will be the criterion determining the size of the annual bonus. The target structure will include both financial criteria like earnings, margins and capital efficiency and non-financial criteria when appropriate. The annual bonus should not exceed 60% of the base salary.
4. **Share incentive programme** – In connection with the listing on Oslo Børs (the "IPO"), the Company established a long-term incentive program for executive management and broader group of managers and key employees (the "LTIP 2017"). In line with the intention expressed in the prospectus for the IPO, the Board intends to establish a similar share-based incentive program in 2018 (the "LTIP 2018") as further described below.

The employment agreements of the CEO and the executive management have a notice period of 6-12 months from the last day of the month in which the written notice is given. The CEO and members of the executive management are entitled to a termination payment up to six months base salary after the notice period if the Company terminates the employment agreement. One member of the executive management has a fixed term contract.

## **Binding guidelines**

*The guidelines covered under this section address elements of executive remuneration linked to shares or the Company's share price and are subject to a separate vote at the annual general meeting, the result of which is binding for the Board.*

The Board is authorised to establish the LTIP 2018 based on the same principles as the LTIP 2017 with the deviations the Board considers appropriate.

The LTIP 2018 may be made available to up to 50 permanent employees of the Group divided into two categories (Group 1 and 2). If established by the Board, the LTIP 2018 may allow participants to receive matching shares and performance shares, provided that they invest in shares in the Company (the "**Saving Shares**"). The vesting period for the LTIP 2018 shall expire on the date of the publication of the Company's interim financial statement for the first quarter 2021 (the "**Vesting Period**").

For each Saving Share the participant invests in, the participant may potentially be allocated a number of new shares in the Company free of charge depending on the degree of fulfilment of the performance target to be established by the Board of Directors related to the growth of earnings per Share (EPS) for the financial years 2018-2020 (the "**Performance Shares**").

Furthermore, a participant will be allocated one new share in the Company free of charge for each Saving Share the participant invests in (the "**Matching Shares**"), provided that (i) the participant remains employed by the Group throughout the vesting period, (ii) retains one or more Saving Shares throughout the entire vesting period described below and (iii) the total return on the Company's shares in the Vesting Period exceeds 0%. Exceptions may be granted by the Board.

The Board shall determine the amount of Saving Shares each participant may acquire under the LTIP 2018 and the number of Performance Shares and Matching Shares each participant may become entitled to, provided however, that the maximum number of Performance Shares and Matching Shares under the LTIP 2018 shall not exceed 750,000 shares in the Company.

## **Remuneration practice in 2017**

The Group have been compliant with the above during the course of the last financial year, except for the remuneration items related to the IPO as further described in the prospectus for the IPO.

Salary and other remuneration for the CEO and the other members of the Management for the year 2017 are described in further details in note 10 to Saferoad Holding ASA's annual accounts for 2017.