

## **Guidelines on the setting of remuneration for the CEO and other senior executives at Veidekke ASA**

These guidelines on the setting of remuneration for the CEO and senior executives have been prepared by the board of directors of Veidekke ASA (“**Veidekke**”, the “**Company**” or, collectively with its subsidiaries, the “**Group**”), pursuant to section 6-16a of the Public Limited Liability Companies Act and related regulations. The guidelines have been prepared for approval by the Company’s general meeting in 2021, and shall apply until the Company’s general meeting in 2025 unless amended or replaced before that date.

### *Development of the guidelines*

The board has been actively involved in establishing, reviewing and implementing these guidelines. The board has appointed a remuneration committee which has prepared the remuneration principles and other terms applicable to senior executives for consideration by the board.

The board is required to prepare draft guidelines based on the remuneration committee’s recommendation and present these to an ordinary general meeting at least every four years. The general meeting decides whether to approve the board’s proposed guidelines. Approved guidelines can be amended by decision of an ordinary or extraordinary general meeting.

The board is also required to set and approve the remuneration of the Group CEO in consultation with the remuneration committee. The Group CEO is required to set the remuneration of senior executives in consultation with the board or the remuneration committee.

To reduce the risk of conflicts of interest, no senior executives may participate in decisions on remuneration matters which affect them directly.

### *Purpose and general principles for the setting of remuneration*

These guidelines provide the framework for the board’s setting of remuneration for senior executives during the validity period of the guidelines. Veidekke is a leading Scandinavian construction company and therefore competes for relevant talented individuals throughout the region. While the purpose of these guidelines is to safeguard the Company’s competitiveness as an employer, the Company does not wish to be a wage leader.

Veidekke’s remuneration principles are designed to secure responsible and sustainable remuneration decisions in line with the Company’s business strategy, long-term interests and financial capacity. To achieve this, both remuneration and other employment conditions must enable the Company to recruit, develop and retain skilled senior executives with relevant experience and expertise. Remuneration must be competitive, on market terms, and reflect the responsibilities of each individual senior executive. The incentives and objectives set for individual senior executives must ensure optimal execution of the Company’s business strategy in both the short and long term, thus reflecting the long-term interests of the Company’s shareholders.

In these guidelines, “senior executives” means the Group CEO (who is also the general manager of the group parent Veidekke ASA) and the management group, i.e. persons (group directors) who are members of the Company’s management group (group management) and who report directly to the Group CEO. In other words, the guidelines apply to the same group of persons as covered by section 7-31b of the Accounting Act.

In the preparation of these guidelines, the pay and employment conditions of employees of the Company have been considered by incorporating information on the total income of employees, the types of remuneration and other pay elements into the decision-making bases used by the remuneration committee and the board when assessing whether the Company’s remuneration practices – including these guidelines and the restrictions they contain – are reasonable.

The remuneration of senior executives must be adapted to both local conditions and rules and regulations applicable in each employee's jurisdiction and, wherever possible, must take into account the overarching purpose of the guidelines.

#### *Different types of remuneration*

The remuneration of senior executives covered by these guidelines may include annual salary, variable remuneration, benefits-in-kind, participation in share and option programmes, etc. as further described below.

#### *Principles relating to annual salary*

The purpose of the annual salary is to enable the Company to recruit and retain the senior executives it needs to ensure the long-term profitability and sustainability of the Company.

The annual salary shall reflect the individual's position and level of responsibility. The amount of annual salary shall be consistent with market conditions, shall be competitive relative to comparable industry competitors and shall take into account factors such as the scope of and responsibilities associated with the position. Other factors include expertise, experience and individual work performance. Geographical location may also be considered.

#### *Principles relating to variable remuneration*

To provide competitive terms and ensure a performance focus, the Group CEO and senior executives may participate in a bonus programme offering a maximum bonus of 50% of individual annual salary. The bonus is calculated based on achieved targets, with 1/3 of the bonus being based on each of the Group's pre-tax profit, business area profits and operational targets. In the case of administrative managers, the factors "business area profits" and "operational targets" are based on an average for the different operations. Operational targets are set annually based on the Group's overarching targets and priorities. These targets will typically incorporate factors such as elimination or reduction of injuries, increases in the proportion of women line managers, cash flow, greenhouse gas emissions cuts and similar parameters.

In special cases, the Group CEO may – in consultation with the remuneration committee and on an individual basis – consider awarding a discretionary bonus capped at 50% of annual salary. The decision as to whether the performance criteria governing variable remuneration are met is made by the Company at the end of the relevant performance-criteria assessment period. Variable remuneration shall be evaluated and documented annually.

The board considers that bonuses for senior executives and others as described above have a motivating effect and therefore make a helpful contribution to the achievement of the Company's business strategy, long-term interests and sustainable commercial operation.

The Company's policy is to seek to secure a basis for claiming repayment of variable remuneration to the same extent as the Company can claim repayment of annual salary upon cessation of the employment relationship. This typically applies in the event of incorrect payment, payment on grounds subsequently found to be incorrect, or breach of the employment contract.

#### *Principles relating to pension benefits*

Pension benefits must be consistent with local practice and applicable legislation. Any material deviation from local pensions practice shall require special approval by the remuneration committee.

In Norway, Veidekke operates the following pension schemes, which it wishes to retain:

- Ordinary pension schemes
- Contractual early retirement pensions
- Pensions for employees whose annual salary exceeds 12G (the national insurance basic amount)

The defined-contribution scheme involves Veidekke paying a monthly contribution into employee pension accounts. The contribution is set on the basis of pay, and as at March 2020 normally varies between 5.5% and 11%. However, it may not exceed 15%. Employees may choose their own risk profile with respect to management of their pension account. In the event of an employee's death, the pension account accrues to the employee's survivors.

A private-sector contractual early retirement pension (AFP) is a lifelong supplement to the retirement pension paid by the national insurance scheme, payable no earlier than the age of 62. Veidekke's Norwegian group companies operate an AFP scheme for their staff. A number of conditions must be fulfilled in order for an employee to be entitled to an AFP. The AFP scheme is a defined-benefit multi-undertaking pension scheme, and is financed by premiums set as a percentage of pay. At present, no reliable measurement and allocation of liabilities and funds in the scheme is available. In accounting terms, the scheme is treated as a defined-contribution pension scheme where premium payments are expensed on an ongoing basis and no allocations are made in the accounts. If the scheme were to be recognised in the statement of financial position, the implementation effect would be substantial.

Veidekke operates an allocation scheme for staff in Norway earning more than 12G, whereby 20% of salary exceeding 12G is set aside. The pension is payable no earlier than the age of 62, and for a maximum of 15 years from the first payment date. The allocation scheme also includes disability and child pensions.

In Denmark and Sweden, Veidekke has defined-contribution schemes for its staff, with the companies making monthly contributions to the schemes while staff bear the risk of returns on paid-in funds. Pension monies are invested through life insurance companies who manage the funds and administer the schemes. The pension schemes cover disability and retirement.

In Denmark, Veidekke pays 2/3 of contributions, while staff pay 1/3. The employer's contribution amounts to between 8% and 10% of pay. The retirement age in Denmark is between 65 and 69 years of age, depending on the year of birth. Going forward, the retirement age will be adjusted based on average population life expectancy. The rules on payment of retirement pensions are very flexible. In the event of death before the retirement date, the pension accrues to the person's survivors. Managers in the Danish operation are members of a corresponding defined-contribution scheme, although under this scheme the employer's contribution totals 10% of pay.

In Sweden, Veidekke operates a collective pension scheme under which most employees are members of a defined-contribution scheme. The pension scheme covers retirement, illness, family members and credit life insurance. Administrative staff are members of two different schemes, with ITP1 applicable to persons born after 1979 and ITP2 applicable to persons born before 1979. In the case of the two most senior management levels in Sweden, Veidekke pays a percentage of pay, which may not exceed a market level. Veidekke's average pension contribution totals 15% of pay. Employees who are members of the schemes do not pay a personal contribution. In the accounts, the schemes are recorded as defined-contribution schemes. Employees enjoy great pension flexibility, and may choose where their pension funds should be invested and with which insurance company. The retirement age is 65, extendable to 67 if the employee so wishes.

#### *Employee share programme*

Senior executives may participate in the company's share purchase programme on the same basis as other employees. Shares purchased through the programme carry a 20% discount and are subject to a two-year lock-in period. Shares may be purchased once a year, and are paid for in cash or through deductions from pay over a period of 12 months. The schemes utilise applicable and available tax schemes. The programme ensures co-ownership, which in Veidekke's view supports its business strategy by fostering ownership and loyalty to the group and its objectives and priorities. The number of shares offered to individual employees is capped at a maximum value of 2G.

#### *Share purchase programme for senior executives and other selected managers at Veidekke*

Veidekke replaced its existing option programme with a share purchase programme for the same group of employees in 2021. The new programme allows senior executives to purchase shares at a 20% discount once a year. The shares are subject to a three-year lock-in period. The number of shares and financing arrangements on offer vary by organisational level, with a larger number of shares and more extensive financing being offered at the most senior levels. Loans are interest-free but subject to adjustment in line with general interest-rate levels. Loans are granted for up to 15 years. There are restrictions on how many shares individual employees may purchase through the programme, with senior executives being subject to a cap of 5,000 shares per year. The share purchase programme is the long-term incentive component in Veidekke's overall remuneration package for senior executives.

#### *Option programme for senior executives and other selected managers at Veidekke*

Senior executives may participate in an option programme. The option programme provides for a maximum annual allocation of options corresponding to 1% of the shares in Veidekke on the allocation date. The purchase price of an option on the allocation date is NOK 1. The strike price equals the quoted price on the allocation date. To provide long-term incentives, options accrue over a period of three years: 25% at the end of the first year, 25% at the end of the second year and 50% at the end of the third year. Accrued options may be exercised during defined time periods decided by Veidekke. Option accrual is dependent on employment by Veidekke. Shares purchased through the option programme may not be sold for one year after the option exercise date. Options must be exercised within five years of the allocation date. Options which are not exercised during or on the final exercise date lapse without compensation. The option programme is available in the period 2019–2021, and the final allocation will be made in 2021. Options may thus be exercised up to and including 2026.

#### *Principles governing benefits-in-kind*

All benefits-in-kind must reflect market terms and must serve the purpose of enabling senior executives to perform their work tasks. Veidekke aims to offer pay that is sufficiently competitive to eliminate unnecessary use of benefits-in-kind. Veidekke may also provide a company car and/or pay a mileage allowance to senior executives as needed. All significant benefits-in-kind paid to senior executives in addition what is offered to all group employees shall be subject to assessment and approval by the remuneration committee.

#### *Employment contracts*

Veidekke's general practice is to use a notice period of six months. No notice period may exceed 12 months in length.

Severance pay arrangements may not exceed 12 months in length, and shall always be linked to clauses on confidentiality and non-compete in the employment contract so that the severance pay constitutes compensation for restrictions on the employee's ability to take up new employment.

#### *Variation of these guidelines*

The board of directors may decide to vary these guidelines, in whole or in part, if special circumstances in an individual case indicate that such variation is necessary and varying the guidelines will serve Veidekke's long-term interests, including with respect to sustainability or viability.

When assessing whether to vary these guidelines, the board shall be free to exercise its discretion and consider all relevant factors, including:

- changes in relevant laws, regulations or recommendations on corporate governance, etc.;
- changes in Veidekke's operations, organisation or ownership, for example following a merger, demerger or acquisition,
- replacement of the Group CEO;

- other events that render previously adopted performance targets or remuneration terms inexpedient; and
- other special circumstances in which variation or special measures may be necessary to safeguard Veidekke's long-term interests, sustainability or viability.

Any variation of these guidelines and the reasons for it shall be included in the report to be prepared by the board pursuant to section 6-16b of the Public Limited Liability Companies Act.