Executive Remuneration Policy for StrongPoint ASA
For approval by the annual general meeting on 28.04 2021

Introduction and governance

This policy has been prepared by the Board of Directors of StrongPoint ASA (the “company” or “StrongPoint”) in accordance with the Norwegian Public Limited Liability Companies Act section 6-16a and provides the framework for the remuneration of executives in StrongPoint ASA. It is the view of the board that these guidelines support the company’s business strategy and long-term interests.

The policy is presented for approval by the company’s annual general meeting to be held on 28.04.2021. The Board of Directors may decide to deviate entirely or partly from the guidelines in individual cases, provided that there are special circumstances that make such deviation necessary in order to satisfy the long-term interests of the company. Any such deviations shall be approved by the Board of Directors of StrongPoint ASA, and the reason for such deviations shall be included in the minutes of the board meeting. Deviations shall also be described in the remuneration report produced each year. Any substantial change to the guidelines and principles for the remuneration to the executive team shall be presented and explained by the board and approved by the general meeting of the company. The policy shall in any case be reviewed and approved by the general meeting as a minimum every fourth year. The guidelines approved by the general meeting shall be published on the company’s website.

In these guidelines, “executives” means the CEO and other executives in StrongPoint ASA.

The company’s annual report will provide details on the remuneration received by the executive team in accordance with the principles set out in this policy. For each financial year from 2021, the board shall prepare a remuneration report in accordance with the Norwegian Public Limited Liability Companies Act section 6-16b prior to the annual general meeting and it will be made available on the company’s website.

Purpose, process, and alignment with business strategy

The main purpose of the executive remuneration is to attract and retain high calibre executives, to align interests between executives and the company’s shareholders and stimulate a strong and enduring profit-oriented culture that drives value creation. The remuneration to the executives shall promote the achievement of good financial results and leadership in accordance with the company’s governance and business ethics and shall reflect the content and complexity of the executives’ position as well as the performance of the individual.

In preparing the executive remuneration policy, considerations were also given to the remuneration components and employment terms of the company’s other employees, as well as the rate of increase in the remuneration over time, to assess whether the guidelines are reasonable.

The remuneration policy aims to provide a framework for remuneration of executives aligned with the company’s business strategy and long-term interests, including long-term sustainability, profitability, and long-lasting growth in shareholder value.

Remuneration components

The total remuneration package for executives consists of a fixed salary, standard employee pension and insurance coverage, a variable performance based salary element and share based programs.

The fixed salary for senior executives shall be competitive compared to corresponding positions in the industry and based on responsibilities, expertise, and performance. Individual performance shall be reflected in fixed salary and compensation must therefore be set on an individual and differentiated basis. The level of fixed salary is to be reviewed regularly, usually annually.

Within the framework of the employment agreements entered into, the remuneration to the CEO shall be recommended by the chairman of the board and the compensation committee and approved by the Board of Directors on an annual basis, while the remuneration to other executives shall be approved by the CEO, in consultation with the chairman and the compensation committee.

Variable salary

The Company shall have a variable performance-based bonus program for the executive team to ensure alignment between performance and remuneration. The variable performance-based bonus program shall promote the company's goals and align employees' and shareholders' interest. The intention of the variable performance-based bonus is to incentivise the executives to contribute to sound and sustainable financial results for the company and promote the company's governance and business ethics.

StrongPoint's executives participate in the Group's annual bonus programme (the Short Term Incentive Programme - STI), and may at the discretion of the Board of Directors be granted to participate in a Long-Term Incentive Stock Option Programme (LTI).

Variable remuneration is linked to pre-defined, ambitious, and measurable criteria, as well as StrongPoint's business strategy, commercial objectives and long-term interests.

Within the framework of these guidelines, the Board of Directors makes decisions on:

- Changes to the annual bonus programme (STI)
- The structure and details of the bonus programmes
- Cost limits for the bonus programmes
- The financial and commercial objectives of the bonus programmes
- Adjustments to current bonus programmes in extraordinary circumstances
- Authorisation for the Board's Compensation Committee to make decisions on pay and variable remuneration

Short term incentive program (STI)

The range of potential annual bonuses should be:

- At least 50% of the total potential bonus must be based on financial targets.
- Up to 50% of the total potential bonus may be based on individual or team non-financial targets. These must normally relate to business objectives and/or strategies at group and/or business area level, as well as company level.
- The annual bonus scheme for executives should not exceed 100% of fixed salary as at 31 December of the relevant year. Work on special projects may at the discretion of the Board of Directors entitle an employee to additional bonus.

StrongPoint's Board of Directors approves individual non-financial targets for the CEO, while the CEO sets individual non-financial targets for other executives and are subject to board approval. In the overall assessment of non-financial performance ESG-factors should also be included.

At the end of the assessment period, financial performance shall be measured against the pre-defined, ambitious targets set at the beginning of the period, and individual performance shall be measured against pre-defined, ambitious, individual targets linked to the company's business strategy. The bonus linked to non-financial targets shall be assessed on a discretionary basis by the Board of Directors for the CEO and by the CEO for other executives.

The Board of Directors decides whether or not the bonus scheme should be a cash-based or share-based offering. The bonus award can be tied to a clause that the executives are required to invest up to 50% of the gross bonus in StrongPoint ASA shares, with a lock-up period. Today 30% of gross bonus, with a 20% discount, is to be invested in shares, with a 3 years lock-in period.

Compensation paid under the annual bonus programme shall not be pensionable unless otherwise specified in applicable collective pension plan rules. If the bonus must be pensionable pursuant to such rules, the bonus shall be reduced accordingly.

Long-Term Incentive Stock Option Programme (LTI).

StrongPoint ASA implemented a Long Term Incentive Program in 2020 represented as a Stock Option Program. The program has the ambition to both motivate and retain executive management and key personnel to achieve the overall long-term strategic ambitions.
The limits for the allocation of share options to the participants is determined by the board, within the board authorisation approved at the Annual General Meeting.
The option scheme will be granted with a strike price equal to the average market price at time of the grant. The options will vest over three years, with 1/4 vesting after one year,1/4 after two years, and the remaining 2/4 after three years. The split in vesting underpins the retention ambition of the program. Any non-exercised options expire five years after grant. The total number of options shall never exceed 10 % of outstanding shares.

No members of the executive management are part of any option- or incentive programs other than what is described in this policy.

Share purchase programme

Executives may be offered to purchase shares in the company. Shares may be offered at a price reduction, or additional shares may be awarded, in exchange for accepting a defined lock-up period on the acquired shares. For a number of years, StrongPoint has run a programme giving staff the opportunity to purchase a limited number of shares in the company at a discount to the market price. Norwegian tax rules encourage employee share ownership by means of a tax exemption for such discounts, subject to specified limits. The programme will remain open to all staff until further notice, and unless or until the board decides otherwise.

The Board of Directors may offer the executives to buy shares up to the amount equal to their fixed yearly salary. Today the executive management has the opportunity to buy shares for up to NOK 500 000 per year with 20% discount in place. From 2021 the amount is increased to NOK 1 000 000 with 20% discount for the CEO.

Purchased shares must be subject to a minimum lock-in period as decided by the Bord of Directors. Today the lock-in period is three years.

Other variable pay

Executives may be paid additional remuneration in extraordinary circumstances, provided that such extraordinary arrangements are made only at an individual level and with the view to either recruit or retain an executive, as compensation for extraordinary work beyond individual usual duties or as part of a termination settlement.
There are no clawback clauses agreed with the executives except a general clause of condictio indebiti and if there are breach of ethical standards up until STI pay-out.

Pension and other benefits

The executive team participate in the collective pension and insurance scheme open to all employees in StrongPoint ASA. Pension benefits shall be contribution-based unless an executive has a defined-benefit pension plan pursuant to binding collective agreements or statutory conditions.
The collective pension and insurance scheme apply for salaries up to 12G or can be set to apply to the full employee pensionable yearly salary.

No executives in StrongPoint have performance-based pension plans and there are no current loans, prepayments or other forms of credit or guarantees from the company to its executive team.

The retirement from the company is at the age of 72 years old.

The executives are part of collective and individual insurance schemes. Such schemes shall be in line with the general market conditions and secure the health and well-being of the executives.

Executive employees are provided with a company car/car allowance, free phone, internet and newspapers. All benefits shall be granted on general market terms.

Employment contracts and terminations

In line with other StrongPoint personnel, the executives are offered standard employment contracts with terms and conditions consistent with industry standards. In accordance with statutory law, the company may request the resignation of the CEO at its own discretion but will be obliged to pay severance payment in the amount of 6 months' salary beyond salary during the notice period of 6 months. Other executives do not have pre-arranged severance agreements, and has notice periods according to local law, with a minimum of 3 months' notice. In the event of dismissal by the company, or agreed resignation at the company's request, an executive may receive severance pay/termination pay as decided by the CEO, after his/her consultation with the chairman of the Board of Directors.
Remuneration may be paid for restrictions imposed with regard to competing businesses. Such remuneration is intended to compensate the executive for loss of earnings.

Board decisions and deviation from the guidelines

StrongPoint's Board of Directors has appointed a remuneration committee. The Committee's responsibilities include preparing executive remuneration principles and preparing board resolutions on draft executive remuneration guidelines. In the event of material changes, the Board of Directors shall prepare draft guidelines for approval by the general meeting.

The Board of Directors may authorise temporary deviation from all or parts of these guidelines if there are special reasons for doing so in an individual case and such deviation is necessary to safeguard the long-term interests and sustainability of the company or to ensure the financial viability of the company and the Group. If the Board of Directors approves a deviation from the guidelines, the decision must be reported in the remuneration report submitted to the next general meeting. The first remuneration report based on these guidelines will be prepared for the general meeting in 2022. Thereafter, remuneration reports shall be prepared annually based on the guidelines applicable at any given time.