

## Appendix 4

### THE BOARD'S STATEMENT ON REMUNERATION OF EXECUTIVE MANAGEMENT

#### 1. Overview

This statement is prepared by the board of directors of Axactor SE in accordance with section 6-16a of the Norwegian public limited liability companies act. The statement contains the guidelines and main principles for the company's remuneration of executive personnel applicable to the financial year 2020. Comments are also included on the remuneration practices applied by the company in 2019.

This statement has been prepared as a separate document to be presented and processed at the company's annual general meeting to be held on 1 April 2020.

#### 2. Advisory guidelines for executive remuneration (non-binding)

*NOTE: The guidelines covered by this section 2 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 of directors.*

The following advisory guidelines shall apply for the financial year 2020:

- 2.1. The main purpose of the company's remuneration of executive management is to encourage a strong and sustainable performance-based culture which supports growth in shareholder value over time, based on responsible business practices and aligned with company values.
- 2.2. The total remuneration to executive management should be competitive compared to peer companies within the industry and should comprise the following elements: (i) a market based basic salary, (ii) standard employee benefits and (iii) variable pay.
- 2.3. Standard employment contracts (including company customary benefits for employees) and standard terms and conditions concerning notice period and severance pay – within applicable law and aligned with company interests – should apply to executive management.
- 2.4. Executive management should be included in the company's standard pension and insurance schemes on the same terms and conditions as ordinary employees in their local unit. Additional group life and disability insurance, subject to a cap, may be offered to executive management.

- 2.5. Executive management should not receive any fee or other compensation for any director appointment on the board of subsidiaries within the group, only reimbursement of travel and other out-of-pocket expenses in connection with board meetings.
- 2.6. The company should have a variable pay program (bonus program) for the executive management. The objectives of the program should be to encourage achievement of good financial results, increase of shareholder value and strong execution of leadership based on compliant and sustainable business operations and in accordance with the company's values and ethical standards.
- 2.7. The variable pay program should be based on definable and measurable criteria, and the objectives of the program should be clearly aligned with those of the company.
- 2.8. The elements to comprise the variable pay program and payments thereunder should include achievement of defined financial results of the company and individual performance objectives. In addition, there should be a component varying payment based on continued employment.
- 2.9. There should be an annual cap on payments under the variable pay program. The cap should not exceed 100 percent of the annual base salary.
- 2.10. Executive management may in addition to the ordinary variable pay program, in special circumstances, be granted a discretionary variable pay.

### **3. Binding guidelines for executive remuneration**

*NOTE: The guidelines covered by this section 3 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 to the board of directors.*

The following binding guidelines shall apply for the financial year 2020:

The employee stock option programs ESOP 2015 approved by the general meeting 17 November 2015, ESOP 2017 approved by the general meeting 31 May 2017 and ESOP 2019 approved by the general meeting 10 April 2019 as well as ESOP 2020 provided the approval of the general meeting 1 April 2020, are managed according to guidelines.

Existing incentive programs vest linearly over three years from date of grant. The ESOP 2019 and the ESOP 2020 grants will be split up in three, where 1/3 vests annually the first three years and expire five years after grant. The share settlement under the program after year one is pending annual approval from the general meeting. If the general meeting resolves not to renew the authority to issue shares or buy own shares after year one, the CEO, executive management and key employees

participating in the program will be compensated according to further agreed terms determined by the board.

#### **4. CEO and executive compensation**

Total compensation to the CEO and executives shall be competitive and contribute to the development of the group. Furthermore, this shall reflect the group's obligation to comply and promote responsible business in line with good corporate governance guidelines, external regulations, and internal Axactor guidelines. In summary, compensation to the CEO and executives shall reflect:

- The market situation and business environment
- Axactor group strategy and priorities
- Responsible business practice
- The responsibility and influence of the role

The CEO compensation consists of a base salary, a bonus opportunity of 100% of the annual base salary, general insurance and health benefits aligned with the rest of the employees and a pension agreement. The CEO has also warranties and options as part of the employee stock option programs ref. chapter 3. There is no company car benefit.

Executives have a base salary and a bonus opportunity ranging from 30% to 50%. Metrics is targeted against 70% financial targets and 30% measurable personal targets. The CEO may increase the level for exceptional performance but shall not exceed 100% of the annual base salary. General insurance and health benefits are aligned with the rest of the employees, including a pension agreement in countries where this is legally required.

The CEO and executive base salary are assessed once a year, based on the following criteria

- Deliveries according to business priorities and agreed targets
- Executed leadership according to Axactor values and leadership principles
- Level of base salary seen in relation to relevant market conditions

The CEO has a right to severance pay in the event of termination by the organization or by the CEO for good reasons. The severance pay is 12 months base salary calculated from the end of the notice period paid out in monthly instalments. No executives are entitled to termination benefits in excess of 12 months' pay.

Members of the executive team who have employment contracts outside Norway have agreements in line with the principles in this statement but aligned with local conditions and legislation.

#### **5. Guidelines for settlement and approval of executive compensation**

The Axactor Board's Remuneration Committee assists in the Board of Directors' responsibilities with respect to compensation of the CEO.

The committee is comprised of two Directors from the Board of Directors, each of whom shall be free of any relationship that, in the opinion of the Board of Directors, would interfere with his or her exercise of independent judgement. The Chairman of

the Remuneration Committee shall be appointed by the Board of Directors. The CEO of the company and/or his representative(s) may participate in the meeting of the Remuneration Committee. The CEO of the company and his representative(s) shall not participate in the Remuneration Committees' discussion of the CEO's terms and conditions.

According to the Remuneration Committee charter, the committee shall carry out annual compensation review for the CEO and propose any changes of the compensation to the Board of Directors. The Board of Directors approves the compensation for the CEO.

The Remuneration Committee conducts an annual review of executive's compensation and the results presented to the Board.

## **6. The remuneration practices applied in 2019**

The remuneration of executive management during the financial year 2019 has been in accordance with adopted guidelines. Remuneration agreements for executive management adopted and applied during 2019 are aligned with the interests and values of the company and support long term sustainability and growth of the business.

The company's annual report for 2019 in note 8 to the consolidated financial statements provide details of the remuneration received by members of the executive management in 2019 including information concerning notice period and the entitlement to severance pay, and a description of the company's variable pay program. Note 25 give further details about the share-based payment.

The board of directors of

Axactor SE

10 March 2020