

# TECHSTEP'S REMUNERATION PRINCIPLES

Adopted by the Board of Directors on 19 March 2021.

## 1 INTRODUCTION

### 1.1 About this Policy

The principles for salary and remuneration is prepared by the Board of Directors ("**Board**") of Techstep ASA (the "**Company**") in accordance with the Public Limited Liability Companies Act section 6-16a for review by the Annual General Meeting of the Company on 22 April 2021. The purpose is to provide a clear, understandable overview of the Company's remuneration policy. The principles for salary and other remuneration is in force as of the Annual General Meeting 2020 and until the general meeting approves amendments or new principles for remuneration is approved by the general meeting, at the latest within four years.

The main principle in the Company's policy for executive compensation is that the executive team shall be offered competitive salary terms, with performance-based compensation tied to business results and shareholder value, in order to achieve the desired competence and incentives within the executive management team. The board is of the opinion that this will contribute to keep key employees as well as competent members of the Board of Directors, which in turn will contribute to business strategy, long-term interests and sustainability of the Company.

### 1.2 Preparation and implementation of this Policy

The Board is responsible for preparing this Policy with regards to remuneration guidelines for the Executive Management. The Board has appointed a Remuneration Committee under management of a board member which provides recommendations regarding salary and other benefits to the Company's Executive Management. Further, the Board is responsible for implementing and evaluating the remuneration and other terms and conditions of appointment for the Executive Management Team pursuant to this Policy.

The Nomination Committee is responsible for preparing this Policy with regards to remuneration guidelines for the Board. Further, the Nomination Committee is responsible for implementing and evaluating the remuneration of the Board members pursuant to this Policy. The Board is responsible for proposing the Policy for adoption at the Company's general meeting when necessary.

### 1.3 Conflicts of interest

The Board and the Remuneration Committee acts independently of the Executive Management Team and the Nomination Committee acts independently of the Board, so no conflicts of interest should arise. No members of the Executive Management Team are present at Board meeting when the remuneration of the Executive Management Team is discussed. Further, no members of the Board are present at Nomination Committee meetings the proposals for remuneration of the Board members are discussed.

## **2 THE PRINCIPLES FOR DETERMINING THE SALARY AND REMUNERATION OF THE EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS**

### **2.1 The Board of Directors**

Pursuant to Article 6 of the Company's Articles of Association, the Company shall have a nomination committee ("**Nomination Committee**") consisting of minimum two, but no more than three members, as decided by the general meeting. The members of the Nomination Committee shall be shareholders or representatives of shareholders.

Pursuant to the Articles of Association, the Nomination Committee shall propose candidates to the positions on the Board, as well as the remuneration to the members of the Board of Directors. The remuneration shall be approved by the general meeting.

The Nomination Committee reviews the remuneration to the members of the Board annually, and the board remuneration is determined at the outset of other companies similar to the Company with regards to business, size and complexity, and the remuneration to the board members shall reflect the responsibilities, competence, time involved and the complexity of the business. The remuneration for the board members is not performance based. The remuneration for the board members for the coming year are approved by the Annual General Meeting as a separate item. The remuneration may be amended by decision of the general meeting.

Each board member shall receive a fixed remuneration per year (the "**Base Fee**"). Additional remuneration for position in other committees shall also be approved by the general meeting.

Further, the members of the Board shall also be offered to participate in the Share Purchase Program described in Section 3.2. With regards to the Share Purchase Program, the minimum subscription amount for each board member is NOK 10,000 and maximum NOK 200,000.

The board members may receive cost reimbursement related to travel and/or accommodation in connection with board meetings, if such travel and/or accommodation is necessary to participate in the meeting. Payment of consultancy fees for specific ad hoc tasks outside the board assignment may be completed if the Nomination Committee agrees.

### **2.2 The Executive Management**

The Board and the remuneration committee ("**Remuneration Committee**") provides recommendations regarding salary and other benefits to the company's executive management. The CEO's total compensation and any adjustments thereto, is first reviewed by the Remuneration Committee and then approved by the Board, and if provided necessary by these principles, the general meeting. The Board considers CEO compensation each year. The compensation of the other members of the executive management, including adjustments of these, are agreed between the CEO and the respective manager in consultation with the chairman of the Board. All decisions regarding salary and or remuneration shall be in accordance with the at any time applying principles for remuneration.

The management team consists as of the date of this document of four members, including CEO, CFO, CCO and CPO. If the Company includes other members to the executive management, the remuneration principles contained herein shall apply.

The Company will offer executive management competitive terms and offers a fixed salary and a variable part. The fixed part will reflect the individual manager's responsibilities and performance, and is chosen to attract and retain executives with professional and personal competence required to contribute to and ensure the business strategy. The variable component is included to incentivize the individual management member. The variable component will be capped at 50 % of the fixed salary and the assessment is based on the Company's achievement (up till 60%) and the individual's achievement (up till 40%) within his or her functional area. The variable component is assessed on both financial, non-financial criteria and operational criteria ("**Corporate Objectives**"), including sustainability and equality. The variable component is based on the above-mentioned criteria set for each individual member of the management. The Board is of the opinion that these remuneration principles with both fixed salary and variable component is efficient to motivate and incentive the members of the management, and thus strengthen and ensure the business strategy, long-term interests and sustainability of the Company.

The corporate objectives are set by the Board and determined for an agreed with the CEO. With regards to the CEO, variable component is determined by achievement of the corporate objectives, while the others are determined as described above. The variable component consists of a cash-based incentive.

### **2.3 Other remuneration**

Information on any share based remuneration is set out below in Section 3.

The pension scheme for the CEO and remaining senior executives is accounted for in Note 28 to the 2020 annual accounts. The agreed notice for the CEO is 6 months. In the event of a dismissal by the Company, the CEO is entitled to a severance pay of 6 months from the end of the notice period. For other senior executives, the agreed termination notice period is from 3 to 6 months.

The members of the executive management are otherwise entitled to pension schemes on ordinary and customary terms. Benefits to the members of the management team may also comprise of certain other items including insurance and health care (on customary terms).

## **3 SHARE BASED REMUNERATION**

### **3.1 Introduction**

The Board has proposed that the Annual General Meeting of 2021 grants the Board authorization to increase the share capital with 12 500 000 through issuance of a total of 12 500 000 shares. This includes all grants under the share based remuneration, and the board will propose authorization yearly to uphold the share based remuneration, which the Board is of the opinion is an effective way to incentivize the executive management and board. The authorization covers both the share purchase program and the option scheme. Both the share purchase program and the options scheme may be directed to new employees and consultants.

### **3.2 Share Purchase Program**

The Annual General Meeting 2020 approved a share purchase program, and the board wishes to continue the share purchase program ("**Share Purchase Program**") in the upcoming years. Pursuant to the Share Purchase Program, the members of the management (as identified above in section 2.2)

and the board members of the Company may be offered to purchase or subscribe for shares in the Company with a 20 % of the market price at the last date of a subscription period or the date subscription is made, dependent on how subscription is arranged. The Share Purchase Program may yearly amount to a minimum subscription amount of NOK 1 million and maximum NOK 10 million. The minimum subscription amount for each management member/board member is yearly minimum NOK 10,000 and maximum NOK 200,000, however so that oversubscription is allowed. The shares subscribed pursuant to the Share Purchase Program, is subject to a two-year holding period. The Board may at its sole discretion determine at which time the offer to purchase shares may be presented, and in conference with the Remuneration Committee who may receive the offer to purchase shares pursuant to the Share Purchase Program (with regards to an offer to purchase shares directed towards the board members, the Nomination Committee shall be included to ensure that there is no conflict of interest).

### 3.3 Share options

#### 3.3.1 The 2020 share option program

The Annual General Meeting of the Company approved in 2020 a share option program in which 4,069,883 share options were granted. The share options will become exercisable (vest) on 22 June 2021 and must be exercised within 22 June 2024. The exercise price is NOK 3.0 per share, which was based on be the market price of the Techstep share on 22 June 2020 plus 10%. The exercise price will be adjusted for any dividends paid before exercise and similar. Each option holder's aggregated gross profit from exercising the options shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options under this grant. The Company is entitled to settle the exercise of share options in cash, and/or with new or existing treasury shares.

#### 3.3.2 Share option programs as of 2021

The Board proposes that a share option program in which share options equal to 2.5% of the outstanding shares as of the date of the Annual General Meeting are granted on 22 April 2021 (the "**2021 Award**"). The exercise price will be based on be the market price of the shares of Techstep on 22 April 2021 plus 10%. The share options shall not be subject to any performance-based vesting conditions, will become exercisable (vest) with 1/3 yearly after the grant date and must be exercised within five years after the grant date. Each option holder's aggregated gross profit from exercising the options granted under the 2021 Award to each option holder, shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options. The Company is entitled to settle the exercise of share options in cash, and/or with new or existing treasury shares.

The Board proposes that it shall be authorised to upheld the share option program in the upcoming years on the following terms:

- A yearly grant of share options equal to 2.5 % of the existing shares as of the date of the Annual General Meeting;
- The share options shall not be subject to any performance-based vesting conditions;
- The share options will become exercisable (vest) with 1/3 yearly after the grant date, and must be exercised within five years after the grant date;
- The exercise price will be the market price of the Techstep share on the Annual General Meeting date plus 10%;
- The grant date under each yearly grant, shall be on the Annual General Meeting;
- The exercise price will be adjusted for any dividends paid before exercise and similar;

- For each option award, each option holder's aggregated gross profit from exercising the options granted to each option holder under the yearly share option program, shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options.
- The Company is entitled to settle the exercise of share options in cash, and/or with new or existing treasury shares.
- The Board shall each year propose that the Annual General Meeting grants the Board and authorization to increase the share capital with an amount to cover both the Share Purchase Program and the Share Options to be granted.

In the event of termination of employment, regardless of reason, all unvested options become void and lapse without compensation. In the event of a change of control ("**Change of Control**"), all outstanding options shall vest. A Change of Control shall be deemed to have occurred if, (i) a tender offer is made and consummated for the ownership of 50% or more of the outstanding voting securities of the Company, (ii) the Company is merged or consolidated with another corporation and as a result of such merger or consolidation less than 50,1% of the outstanding voting securities of the surviving or resulting corporation are owned in the aggregate by the persons or entities who were shareholders of the Company immediately prior to such merger or consolidation, or (iii) the Company sells substantially all of its operating assets and business activity to another corporation. In an event where (a) above occurs, however, the Company remains listed on the Oslo Stock Exchange – this will generally not be deemed a Change of Control.

#### 4 OVERVIEW

To provide an overview of salary and remuneration payable to the Board and the members of the management team, the relevant remuneration is set out in the tablet below.

	<b>Board of Directors</b>	<b>Management Team</b>
<i>Base salary</i>	Yes	Yes
<i>Fee for committee work</i>	Yes	No
<i>Variable component</i>	No	Yes
<i>Share Purchase Program</i>	Yes	Yes
<i>Share Option Scheme</i>	No	Yes
<i>Other benefits</i>	No	Yes
<i>Reimbursement arrangements</i>	Yes	Yes
<i>Severance payment</i>	No	Agreed with CEO. May be individually agreed.

#### 5 DEVIATION FROM THE PRINCIPLES OF REMUNERATION

Pursuant to the Public Limited Liability Act section 6-16a (4), the Board may under special circumstances deviate from the principles provided herein, provided that the requirements for such deviation and the parts which may be deviated from are described. In this Section 5, is provided an overview of such situation where deviation may be necessary. Below is a list of situations where deviation may be determined by the board at its full discretion:

- A change of CEO;
- Upon change of the group structure, organization or ownership (for instance in the case of a merger, takeover, demerger and similar);

- Upon material change in the Company's strategy;
- Upon changes in relevant legislation; or
- Upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company.

A deviation shall be determined by the Board, however only so that the deviation is temporary. If the deviation is prolonged or long-lasting, the Board shall amend or prepare new principles for the review by the general meeting.

## **6 REPORT ON REMUNERATION POLICY AND THE EFFECTS OF COMPENSATION AGREEMENTS IN THE PRECEDING FINANCIAL YEAR**

The policy of remuneration in the Company for the financial year 2020 has been completed in accordance with the guidelines for determining salaries and other remuneration that were considered and approved by the Annual General Meeting in June 2020.

Oslo, 19 March 2021

For the Board of Directors of Techstep ASA

Jens Rugseth