

## **GUIDELINES FOR SALARY AND OTHER REMUNERATION TO LEADING PERSONNEL IN Q-FREE ASA GROUP**

### **Introduction**

These guidelines govern the determination of remuneration to leading personnel in the Q-Free ASA Group. The guidelines were determined by the Board of Directors at the board meeting 26 April 2023 and approved at the Company's general meeting 24 May 2023.

Remuneration to members of the company's management is vital for harmonizing the Company's interests with the interests of the leading personnel. The main purpose of these guidelines is to allow shareholders to influence the parameters of the salary and other kinds of remuneration, creating a culture for remuneration that promotes the Group's long-term interests, business strategy while ensuring shareholders influence and the Company's financial sustainability.

The guidelines have been prepared in accordance with the provisions of Section 6-16 a, of [the](#) Public Limited Companies Act, supplemented by the [Regulations and reports on remuneration for leading personnel](#).

The Guidelines are of a guiding nature for the Board of Directors. If the Board of Directors deviates from the Guidelines in an agreement, a justification shall be given in the relevant board meeting minutes. It is a prerequisite for this that the Guidelines set out the procedural conditions for deviating from the Guidelines and which parts of the Guidelines it is permissible for the board to deviate from.

In some cases, it may be appropriate for persons in the group management to be hired on shorter or longer contracts rather than being formally employed by the group, and consequently that they are then remunerated through invoiced fees from another company rather than ordinary salary. In such cases, the agreed fee shall be based on the same principles as the salary of ordinary employees, converted into fees after taking into account public taxes, pensions, etc.

#### Business strategy, long-term interests and financial sustainability

Q-Free is a leading international Company within its area of business. To maintain and to strengthen its market position, and to reach the objectives the Board has set for the Company, Q-Free is dependent on recruiting and keeping highly competent employees, leaders included. The Company must therefore grant competitive wages to its leading employees.

#### The Company's leading personnel

The company defines senior personnel as employees in the Group management team. An overview of the members of the Group management and last year's remuneration to them is included in the notes to the annual report for the group.

#### Salary and terms of employment

When assessing the salary level and terms of employment for the company's management, it is i.e. based on salaries and terms of employment for the company's other employees, but with what is considered market deviations to reflect the additional responsibility and complexity of the relevant management roles. The salary level for management is further subject to evaluation on the basis of the general salary level in the labor market, the remuneration level for comparable positions and the individual person's individual qualifications, characteristics and development.

## **Fixed remuneration**

### The Company's fixed remuneration

The Board states that the fixed monthly salary for the respective leaders shall represent competitive wages, and that this shall reflect the respective leaders' personal responsibilities and competence.

The board has not established upper or lower limits for the fixed salary that can be paid to senior personnel in the company. The fixed salaries for the CEO and other members of the group management are subject to annual evaluation and are determined based on, among other things, the general salary level in the labor market, the current remuneration level for comparable positions and the individual's individual qualifications, characteristics and development.

In order to implement the Company's business strategy, long-term interests and financial sustainability, leading employees in the Company will be able to receive the following fixed remuneration from the Company:

- In addition to the fixed monthly salary, it can be agreed with the individual manager that the person in question will be remunerated with various minor benefits in kind. In individual cases, it can also be agreed that the manager in question shall dispose a of the company car or receive a fixed car allowance, life insurance, newspaper subscription, mobile phone and coverage of costs for broadband communication at home in accordance with the arrangements in force at any given time.
- The CEO's fixed remuneration is assessed by the Compensation Committee and approved by the Board annually. Corresponding assessments are performed by the CEO of other members of the Group management.

### Pension schemes and other benefits

Members of the Group management with employment in a Norwegian company are included in the company's defined contribution pension plan with a contribution of 7% for earnings up to 12 G (basic amount on the Norwegian National Insurance Scheme) and a supplementary contribution of 8% between 7.1 G and 12 G. Group management with employment in Norwegian companies, like other employees, are covered by the company's ordinary insurance schemes. The Group management is also covered by a special group of life insurance with payments limited to 30 G. Members of the group management who have their employment in companies outside Norway will have a pension and insurance scheme adapted to local conditions.

The pension and benefits in kind that can be granted or received by leading personnel are assumed to amount to proportionally less than 10% of the total remuneration granted to leading personnel.

The group's option program is discussed in more detail under "Variable remuneration" below.

The board may further grant the right to continuing education with salary rights for leading personnel, after a defined employment period and based on a specific assessment of the value added that will accrue to the company.

## **Variable remuneration**

### **The company's variable remuneration**

#### Short-term incentive programs

The company has short-term incentive plans for managers and other employees to ensure that financial, commercial and operational goals are given sufficient priority.

#### General bonus scheme

In addition to the fixed monthly salary, a bonus can be given, which will vary based on the company's and the individual's results. The board therefore determines a bonus scheme for the company's employees, including leading personnel. This bonus will generally be linked to Q-Free's fulfillment of defined goals for the period; performance targets and / or other set targets for the company. These objectives shall be set annually by the company's board and may be related to financial results, results within research and development, quality objectives and / or specified individual objectives for the individual manager. For persons in the Group management, the bonus shall be a combination of the Group's overall objectives and the business areas for which the individual is responsible. The bonus scheme can consist of both financial and qualitative goals, however, so that a minimum of 50% of the individual bonus limit must be linked to financial goal achievement. Payment under the general bonus scheme shall for the CEO amount to a maximum of 75% of the fixed annual salary, of which at least 25% of the net bonus payment shall be used to acquire shares in Q-Free ASA. For the other members of the company's management team, payment under the general bonus scheme may not exceed 40% of the fixed annual salary.

#### Discretionary bonus agreements

In addition to the general bonus scheme mentioned above, discretionary bonus agreements can be entered into with managers related to special strategic projects. This bonus can amount to a maximum of 50% of the fixed annual salary of the CEO and of other managers covered by the agreement.

#### Determination of goal achievement related to bonus agreements

The CEO's performance and achievements related to annual bonus schemes are assessed by the Compensation Committee, and when needed, also with the Chairman of the Board, and approved by the Board. Corresponding assessments are made by the CEO of other members of the group management. The bonuses are distributed as a direct cash payment.

#### Long-term incentive programs

The purpose of the company's long-term incentive program is to ensure a continued strong focus on the development of shareholder value, which in turn is considered to contribute to achieving the goals related to business strategy, long-term interests and financial sustainability. At the date of these guidelines, the group has established long-term incentive programs set out below, which are subject to amendments by the Board on an ongoing basis. The Board may also decide to implement additional long-term incentive programs, provided that it meets the purpose set out above and is generally considered to be in line with market practice.

The group has in place long-term incentive programs for leading personnel with share options in a five-year program distributed upon three tranches. The programs have a total frame of 3 877 256 options, where each tranche may be exercised one or two years, respectively, after they have been vested. No consideration will be paid for the options. As of date of these guidelines, 2 877 256 share options have been granted in these programs. The agreements include clauses to limit the maximum profit.

The Board may determine the remaining terms and conditions of the long-term incentive programs.

## **Duration and process**

### Duration of agreements that provide leading personnel remuneration from the Company

The Board specifies that there normally shall be a mutual period of notice of up to six (6) months for agreements entered into with leading personnel. Any severance pay period for leading personnel may not exceed six (six) months, and shall be submitted to the Chairman of the board for consideration. For the CEO, the severance pay period shall not exceed twelve (12) months' salary calculated from the date of resignation. It is emphasized that the company does not enter into employment agreements with leading personnel regarding severance pay in the event of its own, voluntary termination. One limited exception is the CEO, who under certain conditions has such a right upon acquisition / merger. The company shall not enter into employment agreements that pre-regulate severance pay in the event of termination beyond relevant legislation.

In the event that an employee resigns or is terminated from his position before the turn of the year, or gives or is notified of his resignation / retirement before the end of the year, he will not be entitled to receive a bonus payment for bonuses earned in that calendar year the termination is notified or notice of retirement / retirement takes place.

This also includes rights from future bonus programs.

Employee bonus rights are directly subject to his / her existing position in the company. The bonus rights under agreements may lead to changes in the event that the employee is changed to another position in the company.

### Decision making process

The first determination of the guidelines has been made by the general meeting based on proposals from the board. In connection with the annual adjustment of the CEO's salary conditions, the Compensation Committee shall also assess the need for any revision of the guidelines. The assessment is made based on the Group's specific situation and needs, as well as the general market development for executive salaries in comparable companies. Other board members may also request that the board reconsider the guidelines and, if necessary, submit proposals for changes at the annual general meeting if the change is significant. The guidelines shall be considered and approved by the general meeting in the event of any significant change, and at least every four years.

## **Changes to and deviation from the Guidelines**

### Deviating from the Guidelines

The board may deviate from the guidelines in the decision on salaries and other remuneration to senior personnel if special or unforeseen circumstances arise. Any deviations from the guidelines shall in that case be considered by the board in a board meeting and a justification for deviations shall be included in the minutes of the board meeting. Deviations from the guidelines shall be reported to the general meeting in accordance with the Public Limited Liability Companies Act § 6-16 a.

### Decision of the guidelines and subsequent changes

Any proposed changes to the guidelines shall be assessed by the Compensation Committee, followed by the Compensation Committee's recommendation to the Board for a decision. Significant changes in guidelines established by the board shall be presented to the subsequent ordinary general meeting in accordance with § 6-16 a of the Public Limited Liability Companies Act. The guidelines shall at least be submitted for resolution at the annual general meeting every 4 years.

\* \* \*