

# Remuneration Policy



## REVISION HISTORY

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| 2.0     | 25.05.2023 | Approved by the Annual General Meeting |

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## 1. Definitions

**The Company** – B2Holding ASA

**The Group** – B2Holding ASA and the subsidiaries held wholly or in part, directly or indirectly, by B2Holding ASA

**Annual General Meeting (AGM)** – the Annual General Meeting of shareholders of B2Holding ASA

**The Board** – refers to the Board of Directors of B2Holding ASA

**Executive Managers** – refers to the Executive Managers that, together with the CEO, constitute the Group Executive Management

**Chief Executive Officer (CEO)** – the Group Chief Executive Officer of B2Holding ASA

**Group Executive Management (GEM)** – comprises the CEO and the Executive Managers

**Country Manager/ Subsidiary CEO** - The highest-ranking executive in a Group subsidiary

**Long Term Incentive Program (LTIP)** – Annual incentive process to reward reaching specific long-term goals that lead to increased shareholder value

**Short Term Incentive Program (STIP)** – Annual bonus process to award the achievement of short-term performance based on objective and measurable criteria

## 2. Introduction

The Remuneration policy (“**the Policy**”) provides a framework for the remuneration to the Board and GEM, is recommended by the Board, and is subject to approval by the AGM in accordance with section § 6-16 (a) of the Norwegian public limited liability companies act (*Allmennaksjeloven*).

## 3. Scope

The Policy applies to the Board and GEM. The principles laid out in the Policy shall also be applied to the rest of the Group.

The Policy applies as of the financial year **2023**.

If the principles in the Policy conflict with local legislation, local legislation shall prevail.

**The main objectives of the Policy are to:**

- outline remuneration practices that support the Company’s business strategy and long-term interests, including sustainable growth and profitability, which will contribute to long-term growth in shareholder value,
- attract, retain, and engage highly motivated, competent, and performance-oriented people,
- reward GEM in line with Group and individual performance, and
- compensate the Board according to set principles.

## 4. The Board's role in determining remuneration

The Board designs the Remuneration policy, proposes it to the AGM for approval, and subsequently implements the approved policy.

The Board acts independently of GEM and consists solely of shareholder elected members to avoid any conflicts of interest. The Board has appointed a separate Remuneration Committee consisting of (minimum) two members of the Board, each of whom shall be free of any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgement ("**Remuneration Committee**").

The Remuneration Committee is responsible for submitting a clear and understandable proposal to the Board on the remuneration principles for Executive Management.

The Remuneration Committee also proposes, and the Board approves, the annual salary adjustment, bonus level, and targets as well as bonus achievement for the CEO.

The annual salary adjustment, bonus level and targets as well as bonus achievement for the GEM members reporting to the CEO shall be determined by the Remuneration Committee on proposal from the CEO.

A transparent and aligned structure with clearly defined expectations in line with this Policy shall be applied both when setting the targets and when assessing performance against the pre-defined targets.

When determining variable remuneration awards and evaluating performance, risk and compliance conduct shall be appropriately considered. Noncompliance to the Company's policies and laws and regulations should result in a reduction or annulment of the bonus depending on the severance. Financial targets shall be easily measurable and assessed towards audited financial results after year-end.

GEM and other representatives may participate in Remuneration Committee meetings except when the Remuneration Committee discusses issues concerning the person(s) in question.

## 5. Remuneration to the Board

The Nomination Committee suggests remuneration for the Board. The Board's remuneration is approved by the shareholders as a separate item on the agenda at the AGM.

The Board members should receive a fixed annual fee for their assignment. In addition, each Board member who is also a member of a Board committee may receive a supplemental annual fee per committee engagement. The fee may vary depending on whether the Board member is the chair of the committee or a member of the committee.

Each Board member may be requested to take on specific ad-hoc tasks outside their normal duties assigned by the Board. In each case, the Board shall determine a fixed fee for the work carried out related to those tasks. The fixed fee shall be disclosed in the Remuneration report published annually.

Reasonable and documented travelling costs and similar business-related expenses incurred by the Board in connection with the performance of their duties shall be reimbursed according to the Group Travel Policy.

Board members are not eligible to participate in any incentive arrangements operated by the Company unless approved specifically by the AGM.

## 6. Remuneration to GEM

### 6.1 Principles

The Board, including its Remuneration Committee, shall base the remuneration to GEM on the following principles to support the Company's business strategy, long-term interests, and financial sustainability:

- **Market competitive:** The Group shall offer market-competitive remuneration opportunities to attract, retain, and motivate the talents needed to achieve the Group's vision, business strategy and other objectives.

It shall be fair, competitive compared to peer companies in the industry, and sustainable for the Company. The reference group for GEM should be comparable companies (but not leading in relation to the current local labour market) considering e.g., listed companies, geographical location, financial industry, etc.

- **Pay for performance:** A proportion of the remuneration package should be performance-based to motivate responsible business practices aligned with the Group's values, promote sustainable development, focus on the business' goals and implementation of strategies that provide value for the Company's shareholders, customers, employees, and partners.

Each element of the remuneration shall be weighted to ensure continuous positive development of the Group and linked to the achievement of key financial and nonfinancial targets that are aligned with the Group's strategy.

- **Transparency:** The remuneration regime shall be transparent, predictable, and easy to understand.
- **Business alignment and consistency:** The targets set for the short-term incentives shall ensure that local practices are aligned and consistent with the Group's principles and policies and remain flexible enough to evolve as the Group's business priorities change.
- **Shareholder and strategic alignment:** The remuneration must align the interests of employees in driving value creation for shareholders. It should ensure the right balance between short-term objectives and long-term value, and it should ensure that employee and shareholder interests coincide.
- **Sustainable results:** The remuneration shall support sustainable results and the long-term interests of the shareholders by including goals directly linked to the performance of the Group and by awarding parts of variable remuneration in financial instruments.

The remuneration must be aligned with efficient and responsible risk management, the Group's values, and applicable regulations.

The targets set must motivate to responsible operations and business conducted in an ethical, sustainable, environmentally, and socially responsible manner, ensuring that good corporate governance is practiced, and internationally recognized human rights principles are respected.

- **Non-discrimination:** The remuneration may differ based on achievements, competences, abilities, and behaviour, but shall never discriminate on gender, sexual orientation, age, ethnicity, religion, marital status, or any other identity.

### 6.2 Types of remuneration

The total remuneration of GEM should comprise of a market based fixed salary, standard employee benefits, and variable pay in terms of short- and long-term incentives. The effect on long-term results shall be considered when determining goals and targets for variable remuneration.

Remuneration includes all the instruments the organisation and its managers have available and may utilize to encourage and reward performance. The remuneration components are:

- **Fixed** remuneration (base salary)
- **STIP** (annual bonus)
- **LTIP** (share options)
- **Pension & Insurance**
- **Other** benefits

### 6.2.1 Fixed Remuneration

Fixed remuneration will be set based on overall responsibility, job complexity, performance, and breadth of the Company's operations. It shall be reviewed annually, considering a range of factors including the individual's skills, performance, and experience; increases for the broader workforce; external market data amongst peers, the size, and responsibilities of the role as well as the geographical location of the role, internal relativity, and the external economic environment.

### 6.2.2 Short-Term Incentive Program

The Short-Term Incentive Program (STIP) consists of annual bonus which will be paid out based on the achievement of pre-determined goals. The following principles shall apply for the STIP:

- The right to bonus shall be limited to a fixed percentage of the annual fixed base salary, and never exceed 70% of annual fixed base salary.
- A target level expressed in % of annual fixed base salary will be defined for each Executive Manager and CEO.
- All pay-outs shall be capped at 100% of target bonus.
- The bonus shall be based on clear, pre-defined and measurable criteria to avoid risk of "payment for failure".
- Targets shall be set annually, include achievement of defined financial results of the company and individual performance objectives.
- The weighting of the targets for GEM shall be 60% related to Group targets and 40% related to individual targets.
  - For Country Managers/ Subsidiary CEOs eligible to a bonus scheme, a weighting of 30% Group targets, 30% country/subsidiary targets and 40% individual targets shall apply.
- At least one of the individual performance objectives shall support the Company's ESG targets such as, but not limited to, the Group's core values, ethical business behaviour, good debt collection practices, data privacy, information security, prevention of financial crimes, diversity, non-discrimination and equal opportunities, talent attraction and retention, responsible selection of customers and partners and environmental footprint.
- Individual performance shall be assessed not only on what is delivered (targets) but also on how it is delivered (values).
- It is a precondition for the payment of bonuses that no notice of termination of employment has been given by any party at the time of payment.
- Payment for achieved short-term incentives to GEM shall be made annually on audited financial results after year-end.
- The Board may at any time waive the short-term incentives program to GEM.
- The Board approves the annual Group targets and the individual targets for the CEO, while the individual targets for the Executive Management will be approved by the CEO.

- Bonus outcomes for non-financial targets are assessed at the discretion of the Board for the CEO, and by the CEO for Executive Management.
- The amounts paid out under the annual bonus program shall not provide a basis for pension.
- Managers subject to an earn-out model as a result of an acquisition or merger are not eligible for annual bonus before the earn-out period is over.

Business and individual goals and target-setting across the Group shall be aligned annually with the overall strategy, budget, and predefined risk-adjusted criteria. The targets for the short-term incentives will hence be both absolute and relative financial and individual targets. The individual targets may range from three to five personal targets, with weights ranging from 5-25% for each.

The specific measures, targets and weightings may vary from year to year to align with the Group's strategy for each year.

### 6.2.3 Long-Term Incentive Program

To promote long-term value creation, create a strong community of interests between shareholders and GEM while also creating a strong retention element that enables the Group to retain the best managers, GEM may be enrolled in a LTIP.

- The Group has implemented a share option program (“**SOP**”) under which options for the Company's shares may be granted by the Board to GEM.
- The SOP shall not have any effect on remaining outstanding share options granted under earlier share-based incentive programs. No new options shall be granted under these earlier programs, and the Board shall otherwise manage such programs and the terms and conditions thereof as it deems appropriate (including inter alia by amending exercise periods or extending the term of options granted, but not by agreeing reduction of strike prices).
- The intention is to grant new options on an annual basis, awarded on the same date unless in the opinion of the Board there are circumstances that should indicate otherwise. The Board shall on an individual basis consider and determine the number of shares options, if any, to be granted to each option candidate that year. When making its decision, the Board shall inter alia take into consideration the overall performance, potential, value creation for the shareholders, competitiveness of the employment terms, position of responsibility, need for retention, Group's earnings performance over time and the overall long-term organisational need.
- The Board will not in any single calendar year grant share options representing in total more than 0.75 % of the share capital of the Company as at the date of the AGM in that year.
- Granted share options shall vest with one-third on each of the first, second and third anniversary of the grant unless otherwise resolved by the Board. The share options shall expire no later than on the fifth anniversary of the grant.
- The strike price of the options shall be equal to volume weighted average price quoted on the Oslo Stock Exchange for the Company's shares in the last twenty trading days prior to the date on which the Board grants the options. The strike price shall be adjusted for dividend distribution and mathematical effects from rights issues and other dilutive corporate actions.
- Unless otherwise imposed by applicable securities law or the Company's insider trading rules or policies, the participants in the SOP may sell their shares at any time after exercising the option.

- If a participant is no longer part of GEM, the participant is not eligible for further participation in the SOP and options that are not called when the GEM member leaves the Group are forfeited.
- Members of GEM who may become entitled to earn-out payments as a result of an acquisition or merger are not eligible for participation in the SOP before the earn-out period is over.
- If a participant dies while being part of the SOP, the participants' heirs shall inherit the vested options. The Company will not withdraw any grant under the SOP in case of a participants' disability.

#### **6.2.4 Pension & Insurance**

Pension and insurance aims at ensuring an appropriate standard of living after retirement as well as personal insurance during employment. Pension and insurance provisions shall be in accordance with local laws, regulations and market practice and may be either collectively agreed schemes or company-determined schemes, or a combination thereof. In addition, a reasonable top hat pension that is subject to a cap may be offered to members of GEM.

Pension and insurance schemes for GEM must be approved by the Board.

#### **6.2.5 Other benefits**

Other benefits for GEM shall be in accordance with local laws, regulations, and market practice, and may either be collectively agreed schemes, company-determined schemes, or a combination thereof. Company car benefits should in principle be avoided but may be granted due to contractual obligations or given special circumstances.

GEM may, in excess of target bonus and under special conditions, also be granted a limited discretionary bonus due to exceptional performance in case of initiatives that represents significant value for the Group. Such discretionary bonus shall be approved by the Board based on a recommendation from the Remuneration Committee.

#### **6.2.6 Reclaiming variable pay – “clawback”**

Any variable remuneration granted or paid based on facts that were self-evidently incorrect or the result of misleading information, or granted or paid despite involvement in illegal actions, may be reclaimed in their entirety or in part. Both vested and unvested long-term incentive awards may be cancelled respectively withdrawn on the same grounds.

#### **6.2.7 Recruitment and reorganisations**

When new members to the GEM are recruited, the principles in this Policy shall apply. However, by exception, the Board may grant an extraordinary sign-on fee or other extraordinary incentives limited to an amount equal to 100 % of the individual's fixed base salary for the full calendar year in the Group, to compensate the individual for loss of incentive remuneration from a former employer or to buy out remuneration terms forfeited when leaving a previous employer.

In case of internal reorganisations and/or demotions of GEM, the compensation composition for the former GEM member in question should be revised and aligned with his or her new position.

## **7 GEM contracts**

### **7.1 Standard employment contracts**

GEM employment agreements shall be aligned with applicable local law, and shall regulate all benefits and standard terms, including but not limited to, salary, annual leave, confidentiality, intellectual property rights, data privacy and conflict of interest.



A non-compete and non-solicitation up to 12 months must be considered for all GEM contracts. The employment agreements of GEM shall have a mutual 6-month period of notice from the last day of the month/the day in which the written notice is received by the other party.

If the Company terminates the employment agreement, the GEM member is entitled to ordinary salary and agreed benefits throughout the period of notice from the date of termination. The right to severance pay is conditional upon the GEM member not committing a serious breach of duty or other material breach of his/her duties.

The Board is authorized to settle any claim with a member of GEM due to termination or change of employment, provided that the payment is made in good faith in discharge of an existing legal obligation or damages for breach of such an obligation. Any termination payments, including payment during the notice period, may not exceed a total value equivalent to 12 months' remuneration including fixed and variable elements.

## 7.2 Fee for positions on the board of subsidiaries within the Group

GEM will not receive any remuneration or financial benefits for any director appointment on the board of subsidiaries of the Group. Compensation is limited to reimbursement of travel and other out-of-pocket expenses in accordance with the Group Travel Policy.

## 8 Control and risk management

To secure transparency and to ensure that remuneration practices are in line with this Policy, details of all remuneration shall be outlined in the annual Remuneration report in accordance with section § 6-16 (b) of the Norwegian public limited liability companies act (*Allmennaksjeloven*). In addition to the control exercised by the Board, the external auditor shall also review any payments or measures that were made.

Remuneration to Country Managers/ Subsidiary CEOs shall not be included in the Remuneration report.

To ensure compliance with applicable international and local regulations, that risks are addressed properly, and that the remuneration is aligned with the principles stated in this Policy, an annual assessment shall be conducted by the Remuneration Committee.

Risks shall further be addressed through the regular reviews of the remuneration structures, individual remuneration components, performance management, strategy, participants in variable remuneration plans and the potential size of potential awards.

Relevant control functions should be involved in and give input to the design of variable remuneration plans and associated processes.

## 9 Governance

Remuneration to the CEO shall be decided by the Board in accordance with this Policy. The Board's decision follows preparation and recommendation from the Remuneration Committee.

Remuneration to other GEM members shall be prepared by the CEO, in accordance with the Policy. The Board's decision follows preparation by the CEO and recommendation from the Remuneration Committee. The members of the Remuneration Committee are independent in relation to the Group management.

The CEO shall not participate in Board's discussions and decisions on remuneration-related matters that apply to the CEO. This applies *mutatis mutandis* to members of Executive Management. The Board or GEM members should never participate in decisions that could potentially create a conflict of interest between the Group's interests and their own personal interests.

In the event of significant changes to the Remuneration policy, the Board through its Remuneration Committee shall prepare proposals for policy for approval by the AGM. In any case, the Board shall prepare proposals for Remuneration policy at least every four years and present the proposal to the AGM.

An approved policy shall remain in force until a new policy has been adopted by the AGM.

For further information see the Instruction for the Remuneration Committee on the Company's website [www.b2holding.no](http://www.b2holding.no)

## 10 Work environment

The employees are the representatives of the corporate values and culture that is vital to the Group's success. The concept of how to run a successful collection business is based on trust and respect for the individual.

With the expertise and dedication of its employees, the Group can meet stakeholder's expectations. The Group shall strive to ensure that it remains an attractive workplace for its employees by providing challenging and meaningful work, by fostering a culture that empowers everyone to learn and grow, and by conducting fair remuneration practices. The Company shall set clear expectations for its managers to act as role models that promote the Company's core values and inspire their employees to succeed by working with engagement.

Remuneration is just one factor to attract, retain, and engage highly motivated, competent, and performance-oriented people. The Group shall also endeavour to be an attractive place to work, including succession planning, performance management, and facilitating a positive, healthy, and non-discriminating work environment.

The Group shall be a workplace with equal opportunities and prevent gender discrimination regarding salary, promotion and recruiting.

## 11 Changes to the Policy

The Board may make minor amendments to this Policy for regulatory, foreign exchange control, tax, or administrative purposes, or to take account of a change in legislation without obtaining approval from the AGM of such amendment. Any deviation from the Policy must be justified in the annual Remuneration Report.

The Board may, in exceptional circumstances, and within the statutory limits, decide to temporarily derogate from the Policy until a new Remuneration policy is approved by the AGM.

Exceptional circumstances shall cover only situations in which derogation from the Policy is deemed critical to serve the interests and sustainability of the Group as a whole or to assure its visibility. In the event of a derogation, the Board

will present the derogation and propose a new policy to the general meeting as soon as reasonably possible where it will be subject to a binding approval vote.

In situations where a derogation took place in accordance with this Policy, the remuneration offered will be disclosed to the shareholders no later than at the next AGM.

## **12 Rights and obligations**

The Group intends to comply with the Remuneration policy. However, the Policy does not create any rights or obligations for the Company, the Group, its wholly or partially held affiliates, nor personnel.

## **13 Approval and publication**

This Policy has been approved by the Board on 24 April 2023 and the AGM on the 25 May 2023.

This Policy shall be published on the Company's website.