

## Remuneration Policy for Eksportfinans ASA

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### Board

External	Related document	Declaration for 2023	Endret av	Vedtatt av
07.05.2024	1.5	Annual update	HR, legal, compliance	BoD
01.06.2023	1.4	Annual update, adjusted to reflect changes in the Financial Institutions Regulations	HR, compliance	BoD
20.09.2022	1.3	Adjusted to reflect new guidelines from EBA (CRD V)	HR, legal, compliance	BoD
February 2022	1.2	Annual update	HR, legal, compliance	BoD
February 2021	1.1	Adjusted to reflect relevant new regulations in CRR/CRD IV, new format.	Legal department HR Compliance	BoD
February 2020	1.0	-	-	BoD
>2019		-	-	BoD

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## 1 SCOPE AND PURPOSE

This remuneration policy (the "Policy") is intended to ensure that Eksportfinans establishes and has always established and follows a remuneration policy for the company that applies to all employees and employee representatives. The policy must be adapted to the size and organization of Eksportfinans and the nature, scope, and complexity of the business.

The policy is designed to be in line with Eksportfinans' overall objectives, risk tolerance and long-term interests. It is also intended to promote sound management and control of the company's risk, and to counteract excessive risk-taking. The policy is also intended to help avoid conflicts of interest.

The board of directors shall establish and regularly evaluate the principles of the remuneration policy and be responsible for monitoring its implementation. The policy is reviewed on an annual basis by the board of directors and is made available on the company's website.

The remuneration to the director of Risk Management and Compliance shall be subject to the direct supervision of the board of directors.

The policy applies to all employees, and contains special rules for:

- Executive management
- Employees and elected representatives with a significant impact on the company's risk profile
- Employees and elected officers with control tasks.

## 2 APPLICABLE REGULATIONS

This policy is based on relevant legislation, including

- [The Financial Institutions Act \(Finansforetaksloven\), chapter 15](#)
- [Financial Institutions Regulation \(Finansforetaksforskriften\), Chapter 15](#)
- [Circular memo number 2/2020 regarding remuneration in the financial sector \(Godtgjørelsesordninger i finansforetak og verdipapirforetak\) issued by the Norwegian FSA \(Finanstilsynet\) on May 19, 2020](#)
- [EBA's "Guidelines on sound remuneration policies" \(EBA/GL/2021/04\)](#)

Consideration will also be given to the "State's Guidelines for the Remuneration of Senior Executives in Companies with Direct State Ownership", laid down by the Ministry of Trade, Industry and Fisheries on December 12, 2022.

## 3 DECISION-MAKING PROCESS

The board is responsible for adopting the policy with all elements to be included in the management's compensation plan, as well as guidelines for determining the actual annual remuneration. The board of directors also determines the annual remuneration to the CEO.

The board shall revise the practicing of the Policy on regular intervals. A written statement on the practice of the policy (see separate document) must be audited annually by an independent control body (internal auditor) who must submit a written report. This must be submitted to the board together with the declaration.

The board of directors shall ensure that Eksportfinans at all times complies with the guidelines and frameworks established for the compensation scheme for that will apply to the company in general, and to certain categories of employees, including management, in particular.

## 4 REMUNERATION

### 4.1 General points

According to the Policy, a compensation plan means a remuneration package that may include the following elements: fixed salary, variable compensation, payments in kind, pension scheme and severance pay.

In order to ensure access to qualified managers, the management's compensation plan shall be competitive and in line with remuneration schemes for positions in the three largest owner banks with which it will be natural to compare the management's positions. The company's remuneration shall be competitive but not market-leading, and society's expectations shall be taken into account.

The board of directors shall assess and approve the various elements of the remuneration plan jointly as a whole. The board shall annually receive an overview of the total amount of the agreed remuneration to the management. Remuneration agreements entered into prior to the establishment of these guidelines shall be maintained.

### 4.2 Management

The management of Eksportfinans currently consists of the following:

- Chief Executive Officer
- Chief Financial Officer
- EVP director of Staff and Operations
- EVP director of Risk Management and Compliance

### 4.3 Components

#### 4.3.1 Fixed remuneration

The main part of the company's remuneration shall be the fixed salary.

Whether a remuneration is to be regarded as fixed or variable must be assessed separately.

Remuneration will usually be considered fixed when:

- a) the allocation and size are based on predefined and non-discretionary criteria
- b) the remuneration reflects the employee's level, responsibilities and experience
- c) the remuneration cannot be repaid, reduced or eliminated by the company
- d) it does not promote risk-taking and is not linked to financial results
- e) it does not depend on performance

The fixed remuneration shall primarily be determined on the basis of relevant experience and agreed work and responsibilities. The fixed share must be large enough to make it possible for Eksportfinans to stop payments of the variable part.

#### 4.3.2 Variable remuneration

Variable remuneration means all remuneration that is not fixed. Accrual of variable remuneration shall not exceed 50 per cent of the fixed remuneration. All variable remuneration shall reflect

sustainable and risk-adjusted performance, as well as performance beyond what is required to fulfil agreed work and responsibilities.

#### 4.3.2.1 Retention bonus

Retention bonus means a variable remuneration that is given on the condition that the employee continues with the company for a predefined period.

In November 2011, the Norwegian authorities terminated the agreement with Eksportfinans to provide and manage new export credits on their behalf. As a result, retention bonuses for predefined periods were used as a tool to retain competent employees to manage Eksportfinans' complex portfolio of loans, funding, derivatives and liquidity investments during the wind-down period. This is still ongoing, and Eksportfinans offers retention bonuses to certain employees.

The following principles apply:

- Eksportfinans must document the incident or the reason why it is necessary to offer a retention bonus, including the start and end date of the reason in question.
- Eksportfinans shall define the conditions for the retention bonus and relevant performance requirements (see below).
- Eksportfinans shall define a retention period and a date or event that determines whether the criteria for the bonus are met. The predefined accrual period is normally one year.
- A general principle is that recurring retention bonuses should not be given to an employee. In certain cases – and when duly justified – the principle may be deviated from, provided that the bonus is given at different times and on the terms specified in this chapter.
- The bonus offered shall not be dependent on ex ante risk assessments. The retention bonus shall only be payable if no events have occurred that in turn led to situations where such bonus should not have been given, such as serious compliance violations, misconduct or other failures on the part of the employee.
- Retention bonuses shall be granted in line with EU requirements regarding restrictions on distribution of capital<sup>1</sup>. This could lead to a situation where the retention bonus might need to be reduced or disregarded, depending on the maximum distributable amount or as a result of other restrictions set by the relevant authority.
- In connection with the assessment of whether the size of a retention bonus for a particular employee is correct, the following factors must be considered, as a minimum:
  - The concerns that have led to a risk that the employee may choose to leave the company
  - The reasons why it is important for the company to retain the employee
  - The consequences if the employee leaves the company
  - Whether the amount in question is necessary and sufficient to retain the employee in question.
- A retention bonus must be based on terms that differ from the terms of other performance-based bonuses and must include a requirement that the employee remain in the position, as well as specific performance requirements. These should result in the purpose of retaining the employee, and include conditions related to the actual reason why the employee should be retained, as well as requirements related to behavior.

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<sup>1</sup> Articles 93, 141 and 141 b) and overarching supervisory powers under Article 104(1)(g) of EU Directive 2013/36/EU

- The decision to offer new retention bonuses to certain employees is made on an annual basis and will be based on a thorough assessment of the need for such compensation to selected employees, in light of the company's situation.
- The annual retention bonus awarded shall not exceed six months' fixed salary. If the bonus is offered in combination with other performance-based variable remuneration (see below), the total earned remuneration shall not exceed six months' fixed salary.
- Retention bonuses shall not be granted solely to compensate for other variable bonuses not being paid as a result of poor performance or the company's financial position.

#### 4.3.2.2 *Variable remuneration based on future performance*

This type of variable remuneration shall be based on past performance for at least two years but will also depend on future performance. The following principles shall apply:

- The allocation of variable remuneration will be based on an assessment of the employees' performance, the performance of the business unit and the company's risk-adjusted results.
- There must be a clear link between the targets for the performance-based variable remuneration and the company's objectives
- Performance-based variable remuneration must be based on objective, definable and measurable criteria. These must be predefined and can include both financial and non-financial criteria. The criteria must be based on conditions that the employee in question can influence.
- Non-financial criteria may include achieving strategic goals, customer satisfaction, compliance with internal or external regulations, leadership, teamwork, creativity, motivation, and collaboration with other business units or internal control functions.
- The variable element of the performance-based remuneration policy must be transparent and easy to understand. It will be an important goal to clarify what the expected and maximum payment to each employee may be when explaining the policy.
- Accrual of variable, performance-based remuneration during a year shall not exceed six months' fixed salary. If such remuneration is offered in combination with a retention bonus, the total earned variable remuneration shall not exceed six months' fixed salary.
- Performance-based variable remuneration may be earned on an annual basis but shall be based on assessments of financial and non-financial performance for both the individual and the company for a period of at least two years (ex ante risk assessment), including an assessment of the company's risk situation and costs associated with any need for capital and liquidity.
- The method for measuring results on the basis of which variable remuneration elements are calculated shall adjust for all kinds of existing and future risks and shall take into account the costs of the necessary capital and liquidity.

#### 4.3.2.3 *Disbursement of variable remuneration*

Disbursement of performance-based variable remuneration to senior executives earned prior to 2023 shall follow a schedule of deferred payments, with 50 per cent paid in the year following the earning period. The remaining 50 percent shall be paid out in equal amounts at the same time for the following three years. Variable remuneration earned from 2023 onwards can be paid in the year following the earning period.

Disbursement of deferred shares of variable remuneration earned prior to 2023, as mentioned in the section above, is granted on the basis of an annual ex post risk assessment. Variable remuneration may only be disbursed if it is sustainable in light of Eksportfinans' financial situation and justified

based on the performance of the company, the business unit and the individual concerned. Eksportfinans has established specific criteria for deductions and claw-back from the variable remuneration, including retention bonuses. These criteria take into account cases where the employee has participated in or been responsible for actions that result in significant losses to the company, and the employee's actions in general. Unpaid portions of variable remuneration from previous years may be withheld or reclaimed if new information emerges that was not known at the time the variable remuneration was determined, and which would have led to a lower variable compensation offered if this had been known. The board of directors may, at its sole discretion, determine the amount of such reduction or reclaim.

Employees cannot have agreements or insurance policies that compensate them for withheld variable remuneration. The company may not have any agreements that guarantee variable remuneration.

An employee who leaves the company shall receive outstanding variable compensation from the company in accordance with the agreed plan. If the person dies, outstanding variable compensation will be paid to the next of kin.

#### 4.3.3 Options and share programs

As long as the ownership rules in the company's articles of association are not amended, share options or share programmes may not be used in any way as part of senior executives' compensation schemes.

#### 4.3.4 Pension schemes

Pension benefits to management shall be based on the same principles as for other employees.

The company's defined-benefit pension scheme has been discontinued in its entirety for both active members and pensioners with effect from January 1, 2024. The company now only has a defined-contribution pension.

In line with the guidelines for executive pay in state-owned companies, accrual of pension benefits for salaries above 12G shall not be offered.

For future appointments of senior executives, the retirement age will be set at 70 years in line with the internally agreed retirement age and the Working Environment Act. Some members of the company's management have previously entered into employment contracts with a lower retirement age.

#### 4.3.5 Severance pay

If the CEO has agreed to waive the right to job protection in accordance with the Working Environment Act, an agreement on severance pay can be entered into. Severance pay shall not normally be used in the event of voluntary resignation. The scheme for any severance pay shall take into account the results achieved over time and ensure that failure to achieve results does not provide a basis for severance pay.

The severance pay may not exceed 12 months' fixed salary. The severance pay may also include other financial benefits and payments in kind. If the person in question has been given a new position in another company, the severance pay must be reduced proportionately, calculated on the basis of new annual income.

In connection with workforce reduction processes, severance pay to senior executives may be agreed upon in the event of voluntary resignation, and the above-mentioned limit of 12 months' fixed salary

may be exceeded. This will apply when the calculations of the senior employee's severance pay are linked to the severance pay paid to other employees. A reduction in severance pay, as described in this chapter, shall only be made if required by the general internal rules for severance pay in connection with a workforce reduction process. Severance pay may be withheld if there are reasons for dismissal as a result of unacceptable behavior or the like.

#### 4.3.6 Benefits in kind

The type and value of benefits in kind shall be in line with what is customary for similar positions in the owner banks with which it would be natural to compare.

## 5 REMUNERATION OF EMPLOYEES AND ELECTED REPRESENTATIVES WITH A MAJOR IMPACT ON THE COMPANY'S RISK PROFILE

The rules for variable remuneration to senior executives mentioned above shall also apply to employees and elected representatives who have a significant impact on the company's risk profile.

In order to identify all employees and employee representatives who, through their work, have or may have a major impact on the company's risk profile, Eksportfinans will conduct a self-assessment on an annual basis<sup>2</sup>. The self-evaluation in April 2024 showed that none of Eksportfinans' employees or employee representatives, apart from the company's management, have a major impact on the company's risk profile.

## 6 REMUNERATION OF EMPLOYEES AND ELECTED REPRESENTATIVES WITH CONTROL RESPONSIBILITY

Remuneration to employees and employee representatives with control responsibilities shall be independent of the results in the business area that they control.

The rules for variable remuneration to senior executives mentioned above shall also apply to employees and elected representatives with control responsibilities. Employees with control responsibilities will normally include key personnel in internal audit, compliance and risk management<sup>3</sup>.

No employee representatives in Eksportfinans receive variable remuneration. Only one employee is considered to have control responsibility in Eksportfinans; EVP director of Risk Management and Compliance.

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<sup>2</sup> The self-evaluation is based on qualitative and quantitative criteria as described in The Commission Delegated Regulation (EU) No 604/2014

<sup>3</sup> Circular No. 2/2020 on remuneration in the financial industry, Chapter 3.1.3



## **DECLARATION OF EXECUTIVE PAY FOR 2023 – EKSPORTFINANS ASA**

The board of directors confirms that the company's remuneration policy, which was last approved by the board of directors in June 2023, was followed in 2023. No new hires were made in 2023.

Based on a thorough evaluation of the operational risk resulting from the company's special situation after 2011 and the ongoing downsizing of the company, the board of directors has decided to offer an incentive scheme in the form of variable remuneration to the company's employees in line with applicable regulations.

A retention bonus is given to a limited group of key employees, limited upwards to 4.5 months' salary.

In addition, a performance-based bonus scheme has been established for all employees, adopted by the board of directors in 2023. For a more detailed description of the scheme, reference is made to section 4.3.2.2 of the remuneration policy. The award of bonuses must be based on performance for at least two years, with 2023 as the first year of accrual. The first ordinary allocation under the scheme will thus be in 2025.

Based on good results and performance in 2023, the board decided to grant a discretionary one-time bonus to all employees, including management, which was disbursed in March 2024. The bonus pot was set at 1.25 months' salary.

In line with the guidelines, the total amount for accrual of variable remuneration in the form of retention bonuses and/or performance-based bonuses shall not exceed six months' salary. This has been followed in 2023.

There have been no incidents that have resulted in reduced payments of variable remuneration in 2023 or earlier.

The company's pension schemes were changed in 2023. With effect from January 1, 2024, the company's defined benefit scheme was terminated for all active members and pensioners, and paid-up policies were issued. Active members of the defined benefit scheme, including members of the management team, have been transferred to the company's defined-contribution pension scheme. In connection with the transition, a compensation scheme was agreed in the form of monthly payments to all former members of the defined benefit scheme.

Agreements were also entered into with members of the management team and former employees with deferred rights regarding the settlement of pension plans that included salaries in excess of 12G. The settlement was carried out in the form of one-off payments. As of 2024, no one will earn the right to a pension of salaries above 12G in the company. For further information, see note 27 to the financial statements for 2023.

It is confirmed that the remuneration of employees with control tasks is independent of the results in the part of the enterprise that they control.