

## **GUIDELINES FOR DETERMINATION OF SALARY AND OTHER REMUNERATION TO LEADING PERSONNEL IN ZAPTEC ASA1. BACKGROUND AND STRATEGY**

### **1.1. Introduction**

These guidelines (the "**Guidelines**") govern the determination of salary and other remuneration to leading personnel, which includes the persons defined as the C-level executives (the "**C-level Executives**" or "**Leading Personnel**"), in the Zaptec group. Zaptec ASA is in these Guidelines referred to as the "**Company**", and the Company together with its subsidiaries are jointly referred to as "**Zaptec**" or the "**Group**". The Guidelines are applicable to remuneration accrued from 1 January 2024.

The Company's C-level Executives consist of the following:

- the Chief Executive Officer (CEO) and the executive management team (the "**Executive Management Team**"),
- members of the Board of Directors elected by the shareholders, and
- other employees that are members of the Board of Directors (such as employee appointed Board Members) (and together with shareholder elected members, the "**Board Members**").

The remuneration payable to the C-level Executives is important in order for the Company to retain and attract qualified, competent and talented top executives. An important purpose of these Guidelines is to allow shareholders to influence the principles for determination of salary and other remuneration to the C-level Executives in such manner that it creates a remuneration culture which promotes the Company's long-term interests, business strategy and financial sustainability in line with the shareholders' interests.

The Guidelines have been prepared by the Company's Board of Directors in accordance with the provisions of section 6-16a of the Norwegian Public Limited Companies Act and the Regulation on guidelines and report on remuneration payable to Leading Personnel.

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

To achieve these goals, the Company is of the view that it is necessary to be able to recruit and keep highly qualified Leading Personnel. The overall ambition with these Guidelines is that they ensure that the Company has a remuneration policy that enables it to recruit and retain highly qualified personnel, so that the business strategy, long-term interests and financial sustainability can be achieved.

## **2. REMUNERATION TO THE EXECUTIVE MANAGEMENT TEAM**

### **2.1 Main principles for the stipulation of remuneration to the Executive Management Team**

The main principle for Zaptec's remuneration policy is to offer the Executive Management Team in Zaptec competitive terms when considering the totality of the remuneration package. The total remuneration package comprises fixed elements such as base salary, pension arrangements and benefits in kind and may also compromise variable elements such as annual bonus payment(s), share and option scheme(s).

The Company shall seek to offer a remuneration level that is considered to be competitive and on market terms, compared to the level offered by its peers (companies of similar complexity and industry), and which seeks to satisfy the Company's need to recruit and retain highly qualified personnel.

### **2.2 The decision-making process**

The Board of Directors is responsible for the forms of remuneration of the Executive Management Team. The Company has established a remuneration committee (the “**Remuneration Committee**”) which consists of three members elected from the members of the Board of Directors. The Remuneration Committee shall in accordance with separate guidelines among other things:

- Give recommendations to the Board of Directors in all matters relating to principles and the framework for executive rewards, remuneration strategies and concepts, hereunder the CEO's contract and terms of employment; and
- In addition, the Remuneration Committee will also be involved in drawing up appropriate remuneration policies for the C-level Executives

The board of directors makes all decisions related to the CEO's remuneration and the decisions are based upon material and advice prepared by the Remuneration Committee.

The Guidelines are reviewed annually by the Remuneration Committee, which prepares and recommends changes to the Board of Directors for approval.

### **2.3 Details on the compensation of the Executive Management Team**

#### **2.3.1 Introduction**

The remuneration of the Executive Management Team shall reflect the responsibility of each role, taking into account the complexity and breadth of the Company, and consists of the following core elements:

- (i) Fixed remuneration: base salary, pension and benefits-in-kind
- (ii) Variable remuneration: A long-term incentive scheme, and, for certain members of the Executive Management Team, an annual bonus cash opportunity

### 2.3.2 Fixed remuneration

The Executive Management Team may receive the following fixed remuneration elements from Zaptec:

<b>Remuneration Element</b>	<b>Operation</b>	<b>Award &amp; Opportunity Level</b>
<b>Base Salary</b>	<p>Base salary is the foundation of the remuneration package for the Executive Management Team and shall constitute the main portion of their total remuneration.</p> <p>To attract and retain the right individuals the salary level shall be competitive, but not market leading.</p> <p>When determining the base salary, the Remuneration Committee (typically) takes the following into account:</p> <ul style="list-style-type: none"> <li>- Individual performance, experience, and scope of business</li> <li>- Business performance and market conditions</li> <li>- The median market pay in the context of companies of a similar complexity to Zaptec; and</li> <li>- The competitiveness in the work market and the</li> <li>- Company's salary budget and general base salary movements across the Company</li> </ul>	<p>Salaries are typically reviewed annually in July of each year.</p> <p>Base salary shall be competitive against the median market pay.</p> <p>However, the Remuneration Committee may undertake an out-of-cycle review if it determines this to be appropriate.</p>

<b>Remuneration Element</b>	<b>Operation</b>	<b>Award &amp; Opportunity Level</b>
Other benefits-in-kind	The Executive Management Team may be offered other benefits and contributions in kind as part of their remuneration package.	

	This may include coverage of phone and mobile subscriptions, private broadband, newspapers, company health services, insurances, fixed car allowance, coverage of travel expenses, company car arrangements and employee discount with purchase of products at the Company's website.	
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Remuneration Element	Operation	Award & Opportunity Level
Pension	The Executive Management Team participates in the Company's defined contribution pension scheme. The scheme is structured pursuant to mandatory law.	The Company operates with a defined contribution scheme with an employer contribution equal to x 6% of salary between 0G and 12G, 8% of salary from 7.1G and 12G.No top hat arrangement.  Any future pension arrangement will be considered in connection with the overall base salary and employment conditions.

**2.3.2 Variable remuneration**

Zaptec ASA offers a variable remuneration program as part of the total remuneration pay package to the C-level Executives. Other employees are also offered a variable remuneration pay program. The variable remuneration program for C-level Executives is a long-term incentive program (the “**LTI Program**”).

Therefore, to implement the Group’s business strategy, long-term interests and financial sustainability, certain of the Executive Management Team may receive the following variable remuneration:

**2.3.2.1 Long-term incentives**

The purpose of the variable, LTI Program in Zaptec ASA is to stimulate the C-level Executives whose efforts are deemed to have a direct impact on Zaptec’s result, profitability and value growth, to further increased efforts by aligning their interests and perspectives with those of Zaptec and its shareholders.

The intention with the C-level long-term incentive program is also to create a commitment to Zaptec, to strengthen the overall perspective on Zaptec and to offer the C-level Executives an opportunity to take part in Zaptec's long-term success and value creation.

The C-level Executives' LTI Program enables Zaptec to motivate and retain key executives within the Zaptec Group. Zaptec also aims to use the LTI Program as a steering tool for rewarding outstanding performance and to align the subsidiaries within the Zaptec Group with Zaptec's values by an increased share ownership among participants.

Under the LTI Program, C-level Executives receive shares in Zaptec ASA every three (3) years. The primary criteria for receiving shares are being a C-level Executive. Further, the Board of Directors may also include other employees at its sole discretion. The remuneration committee nominates the participants to be included in the LTI Program.

The total number of shares the C-Level Executives will receive is subject to a three (3) year performance period. The performance criteria are set at the beginning of the cycle and measured over the period. A target number of shares is granted at the beginning of the period.

After the (three year) period, and depending upon how final performance are versus the criteria set at the beginning of the period, the C-level Executives may receive a maximum number of shares. The maximum value of the program is capped at 400 percent of the target level (number of shares) set at the beginning of the period.

Further, the LTI Program has a threshold level and if this is met, the C-level Executives receive a total of 50% (half) of the target shares. If the threshold level is not met, the C-level Executives receive no shares. The same criteria are used for all C-level Executives.

A linear calculation against performance defines the total number of shares the C-level Executive will receive. At its sole discretion, the Board of Directors may deviate from the calculation and change the number of shares the C-level Executive receives. However, the total number of shares cannot exceed four (4) times the target number of shares set at the beginning of the period.

In the LTIP Program, the C-level Executives are divided into three (3) groups. Depending upon which group the C-level Executive is, the total number of shares will differ. However, the maximum amount of shares each Clevel Executive can receive cannot exceed four (4) times the target number of shares (at the beginning of the period).

Performance for the current LTI Program is measured against "target revenue", from a base level to a stretch level. A low case is also included.

Moving forward, a key focus area is wide-scale international expansion. The C-level Executive long-term incentive program, measuring top-line growth, will support the strategic pillars set for the next phase for Zaptec ASA. Strategic pillars for the next phase are:

- Further accelerating international share of sales'
- Gaining market access in the massive European markets (Germany, UK, Benelux and France)' and
- Growing the recurring revenue generating offering

The remuneration committee may amend or terminate the C-level LTI Program at any given time in such respect as the remuneration committee deems appropriate subject to such subsequent revisions or amendments as may require the approval of the Board of Directors and/or the general meeting of the shareholders.

Such amendments to the C-level LTI Program shall include, but not be limited to, amendments to the C-level LTI Program as may be necessary or desirable in order to comply with national legislation in any jurisdiction in which Zaptec conducts operations.

If any Participant in the C-level Executive LTI Program has seriously breached the terms of the Participant's employment (including where there are grounds for dismissal of the Participant), the Board of Directors may decide that the Participant shall be wholly or partly deprived of any benefit received through the C-level Executive LTI Program.

A summary of the LTI Program is described below.

Remuneration Element	Operation	Award & Opportunity Level
<p><b>Long-term incentives</b></p>	<p>To strengthen the alignment of top management and shareholders' long-term interests, the Executive Management Team may be offered to participate in the Company's long-term incentive scheme (The "<b>C-Level Performance Share Plan</b>").</p> <p>Pursuant to the C-Level Executives' C-Level Performance Share Plan, the Executive Management Team, other key employees, and younger talents may be granted performance shares.</p> <p>The Participants in the C-Level Performance Share plan will receive a target number of shares at the beginning of the performance period. The set share price will be averaged over the week before grant.</p> <p>It is intended that the shares will be granted on a cyclic basis (every three years), but at the Board of Directors' sole discretion, deviation may occur.</p>	<p>The final number of (performance) shares will be subject to performance evaluations.</p> <p>The shares fully vest after three years gradually and total number of shares, will, after calculation against performance criteria, be granted to each member of the Executive Management Team.</p> <p>For the Executive Management Team receiving shares, such is, as at the date of this policy, final calculation of shares is measured based on the following predetermined performance measures:</p> <p><i>Target and Maximum Revenue</i> The Executive Management Team will fully own the shares after the performance period. The maximum number of shares is 4x times (400%) of the target number of shares.</p>

## **2.4 Duration of agreements that provide Executive Management Team remuneration from Zaptec**

The employment agreements of the Executive Management Team are permanent employment agreements.

The relevant Group company and Executive Management Team have a three to six months' notice period.

## **2.5 Salary and terms of employment of other employees**

In the preparation of these Guidelines, the salary and terms of employment of the other employees of the Group have been taken into consideration, so that the remuneration offered to the Executive Management Team, is not in an unreasonable disproportion compared to the salary otherwise offered by the Group to its employees.

# **3. REMUNERATIONS TO THE BOARD OF DIRECTORS**

## **3.1 The main principles for remuneration to the Board of Directors**

In accordance with the Nomination Committee's guidelines the compensation to the Board Members shall reflect the Board's responsibilities, competence, workload and complexity of the tasks. When determining the amount of remuneration, a natural starting point will be to look at benchmark studies of other publicly listed companies.

## **3.2 The decision-making process**

The general meeting has appointed a separate Nomination Committee consisting of one chairperson and two members. The Nomination Committee shall recommend remuneration for the Board Members, which is subject to approval by the general meeting. The Nomination Committee follows the Norwegian code of practices for corporate governance (the "**Code**").

## **3.3 Details on the compensation of the Board Members**

The Board Members will receive a fixed remuneration for their positions on an annual basis. Remuneration for positions in the audit committee and the remuneration committee is a fixed annual amount decided by the general meeting.

Travel expenses for the Board Members are reimbursed on account.

The Board Members do not receive variable remuneration from the Company. Board members elected from among the employees may participate in the Company's variable incentive schemes. Neither pension contributions nor vacation pay are paid on the fees of the Board members.

# **4. DECISION MAKING PROCESS AND PROCEDURES FOR DEVIATIONS FROM AND AMENDMENTS TO THE GUIDELINES**

## **4.1 Decision making process**

These Guidelines were resolved by the Company's Board of Directors on [•] 2024, and where subsequently submitted for final approval by the Company's annual general meeting on [•] 2024.

## **4.2 Deviating from the Guidelines**

The Board of Directors may, upon recommendation from the Remuneration Committee and at its sole discretion, temporarily deviate from any section of these Guidelines to ensure the Company's long-term interests, financial sustainability and sustainability in the following circumstances:

- upon changes to the Company's group structure, organization, ownership and or business (e.g. merger, takeover, demerger, acquisition etc.);
- upon material changes to the Company's strategy;
- upon changes in or amendments to relevant laws, rules, or regulations; or
- upon other exceptional circumstance where a deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability

If the Board of Directors deviate from these Guidelines, a justification shall be given in the relevant board meeting minutes and the deviation shall be reported on in the remuneration report to be presented at the next annual general meeting of the Company. In the event a deviation is not temporary, the Board of Directors shall update these Guidelines and propose that the updated guidelines are approved by the general meeting as soon as practically possible.

## **4.3 Amendment of the Guidelines**

These Guidelines shall be presented to and be approved by the general meeting upon any material change and at least every fourth year. The Board of Directors, without the general meeting's approval, may make immaterial amendments to the Guidelines.

## **5 ANNUAL REPORT ON SALARY AND OTHER REMUNERATION**

Pursuant to the changes in the Public Limited Liability Companies Act, i.e. addition of a new section 6-16 (b), and associated new regulations, Zaptec ASA will publish a separate, detailed report on remuneration to the Executive Management team for the reporting year 2023.

The remuneration report will contain an overview of performance targets that form the basis for variable remuneration to the Executive Management team for the reporting year 2023. The remuneration report will be presented to the annual general meeting on 12.06.2024 and will be subsequently made available on the Company's webpages.

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