

SELVAAG BOLIG

GUIDELINES ON PAY AND OTHER REMUNERATION FOR LEADING EMPLOYEES

These guidelines have been prepared by the board of directors of Selvaag Bolig ASA pursuant to section 6-16a of the Norwegian Act on Public Limited Companies and are to be considered and adopted by the company's general meeting on 26 April 2022. See section 5-6, paragraph 3, of the Act on Public Limited Companies.

These guidelines apply to the leading employees (the CEO, COO and the executive management) and the board of directors of Selvaag Bolig ASA. They apply for the 2022 accounting year and until new guidelines are adopted by the general meeting.

In order to implement its strategy, meet its sustainability goals and look after its long-term interests, the company must recruit, develop and retain leading employees with relevant experience. It is therefore important that the company offers competitive remuneration. These guidelines will provide a clear framework for remunerating leading employees.

Main principles of the company's pay policy for leading employees

Remuneration for leading employees of Selvaag Bolig will be determined on the basis of the following main principles:

Remuneration will be competitive but not market-leading

Remuneration will primarily be tailored to attracting and retaining able leading employees. Remuneration (the total of pay received and benefits) will be on a par with that for comparable senior positions in similar enterprises.

Remuneration will be motivating

The main element in the remuneration for leading employees should be fixed base pay, even though variable supplementary benefits are used to motivate leading employees to strive to improve the company's results in both the short and the long term. Clear alignments must exist between the goals determining variable remuneration and the company's objectives. Part of the total remuneration may also be related to the company's share purchase programme.

Arrangements for remuneration recovery

No arrangements have been established for the board to recover remuneration which has already been paid.

Remuneration types and principles for benefits which can be offered in addition to fixed pay

Remuneration of leading employees comprises fixed base pay, bonus scheme, share incentive scheme, pension scheme and other benefits. A specific ceiling should be set on variable remuneration for the relevant recipient. The company has sought to structure a plan which combines base pay, short-term bonuses and share incentives to (i) motivate leading employees to strive to realise the company's strategic and financial goals (ii) attract and retain able leading employees and (iii) offer competitive remuneration.

Fixed base pay is the main element in the remuneration. The individual benefits which can be awarded in addition to fixed base pay are outlined below. Unless specifically mentioned, no special conditions, terms or award criteria are specified for these benefits.

Variable remuneration

Variable remuneration is related to value creation for shareholders over time and structured to create an ownership culture which ensures alignment of interest between shareholders and leading employees. Variable remuneration is determined by the attainment of key performance indicators (KPIs). Leading employees, both individually and as a group, can influence the attainment of the KPIs and the goals. The performance is rated annually, and each performance criterion is scored in percentage terms.

Bonus scheme

Selvaag Bolig has established a bonus scheme for leading employees. The vesting period is annual, and the scheme comprises both financial and non-financial KPIs weighed at 40-60 per cent each. Examples of financial performance criteria are profitability, return on equity and total shareholder return. Examples of non-financial criteria are customer satisfaction, organisational development and ESG. Personal targets are included in the respective

KPIs and reflect the personal areas of responsibility of each leading employee. The annual bonus is limited to 100 per cent of base pay. The scheme is reviewed at least annually.

Share purchase programme

Selvaag Bolig has established a share purchase programme where leading employees can opt to buy shares in the company for an amount up to the individual's annual pay. The shares are discounted by 30 per cent and have a three-year lock-up period. Compensation is provided for the tax disadvantage of this discount to the employee. Ownership is intended to create added value for the company through increased engagement and loyalty. The programme is described in the company's annual report.

Pension schemes and insurance

Selvaag Bolig has established an occupational pension scheme in accordance with Norwegian law. The basis for earned pension rights under the defined contribution plan is a percentage of base pay. The company also has an early retirement plan (AFP). All leading employees are members of the company's ordinary pension scheme and early retirement plan. The retirement age is 70. The company may sign other early retirement pension agreements for leading employees, but no such agreements have been entered into so far.

Benefits in kind

Leading employees may be offered benefits in kind which are normal for comparable positions. Examples include phone, broadband, newspapers, company car/car scheme and parking.

Conditions for dismissal and termination benefits

The CEO and other leading employees are entitled to six months notice. The CEO is entitled to 12 months severance pay in the event of dismissal.

Agreements on severance pay can be entered into with other leading employees to ensure that the composition of the management team accords with the company's requirements. In addition to pay and other benefits during the period of notice, such arrangements must not confer the right to severance pay for a period exceeding 12 months.

Board of directors

Remuneration for the board of directors is proposed by the nomination committee and approved by the general meeting.

Preparations and decision process for establishing, reviewing and implementing the guidelines

The board has established a compensation committee. Its work includes preparing the board's consideration of pay, remuneration schemes and annual criteria for variable remuneration of leading employees. The board is required to present the guidelines for approval by the annual general meeting (AGM) at least every fourth year. These guidelines will apply until new ones are approved by the general meeting. For each fiscal year in future, the board will prepare a report on pay for leading employees and make this available to shareholders on the company's website at least three weeks before the AGM.

Remuneration of the CEO will be determined by the board pursuant to approved guidelines after preparation by and proposals from the compensation committee. Remuneration of other leading employees is determined by the CEO pursuant to approved guidelines and after consultation with the compensation committee should this be considered necessary.

Taking account of pay and employment terms for other employees

When preparing the guidelines, account must be taken of the pay and employment terms for other employees. The level of remuneration is assessed based on information about the total income of employees, the components of their remuneration, and pay development. Information on pay and employment terms in the group forms part of the decision base for the compensation committee and board when they assess whether the guidelines and the limits specified in these are reasonable.

Deviations from these guidelines

The principles in these guidelines are binding for the company once approved by the general meeting.

Nevertheless, the board can decide to deviate wholly or partly from the guidelines in individual cases where special conditions make this necessary. The compensation committee prepares the board's assessment of issues relating to remuneration, including deviation from these guidelines. Deviations must be reported to the subsequent AGM.

Report on remuneration policy for leading employees in the preceding accounting year

For further details of remuneration for leading employees, see the annual financial statements and the remuneration report published on the company's website.

Oslo, 5 April 2022

The board of directors of Selvaag Bolig ASA