

# Remuneration guidelines

## ArcticZymes Technologies ASA

### April 2021

#### 1. INTRODUCTION

The Company's Remuneration Guideline is based on the principles of:

- Providing a Remuneration guideline (inclusive of incentives) with achievable goals that align with corporate goals and objectives
- Attracting, retaining and rewarding the best possible talent to work at the AZT Group
- Creating a performance-based culture across the AZT Group
- Motivating executive management by establishing achievable targets that incentivize productivity and management's commitment to achieving goals and objectives
- Continual management and review of executive management remuneration costs across AZT Group with consistent rules
- Compliance with local laws and regulatory requirements including the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and the Public Companies Act §§ 6-16a and 6-16b

The Company's Remuneration Strategy is also in respect of the AZT Group's:

- Core values of collaboration, trust, innovation, expectations and strong reliable relationships
- Gender pay equity objectives

The AZT Group's gender pay equity objectives are:

- To achieve and maintain gender pay equity within the AZT Group
- To ensure that no gender bias occurs at any point in the remuneration review process
- To ensure the Board of Directors and executive management are held accountable for gender pay equity outcomes
- To commit to a rigorous and fair performance and pay review assessment process

In this Remuneration Guideline:

- "Employee" refers to those employees of AZT who are not classified as Executive Managers or part of the Management Board
- "Management" refers to employees that are not classified as the Group CEO but as members of the Executive Management Board and report directly to the Group CEO
- "Group CEO" means the Group Chief Executive Officer of the AZT Group
- "Financial Targets" will be the financial targets, outcomes or results that the AZT Group, as a whole, must achieve as a pre-condition to an Employee, Management and Group CEO receiving any incentive award attributable to achievement of Financial Targets (e.g., AZT Group EBITDA)
- "Non-Financial Targets" will be individual performance targets, outcomes or results which are not directly related to the achievement of Financial Targets

## 2. REMUNERATION PHILOSOPHY AND APPROACH

### 2.1 General Philosophy

The Company's remuneration guidelines have been developed with the understanding that attracting and retaining people capable of achieving high-performance targets, outcomes and results is essential for generating sustainable growth and maximising shareholder value

The Company must therefore attract, retain and reward the best talent by driving a performance-based culture regardless of gender. This Remuneration Guideline has been designed to ensure:

- Remuneration practices reward outcomes and behaviours that support the delivery of our business strategy and objectives
- Performance is measured based on the level of contribution to key strategic goals and targets
- Behaviours are measured in line with the Company's high-performance culture and core values
- Gender pay equity objectives are being achieved
- Remuneration plans and practices will differentiate outcomes based on financial and individual performance
- AZT pays competitive remuneration and terms of employment. within our marketplace to ensure that we can attract, retain and reward the right calibre of Employees, Management and a Group CEO to deliver on our business strategy and objectives
- Remuneration plans and practices will be fair and decision making will be transparent

The Board of Directors is committed to further strengthening links between strategy, culture, performance and compensation for all employees within the AZT Group. This philosophy ensures an overall alignment between individual performance to business and shareholder outcomes

The Board of Directors may decide to deviate entirely or partly from the remuneration guidelines in individual cases, provided that there are special circumstances that make such deviation necessary in order to satisfy the long-term interests of the company. Any such deviations shall be approved by the board of directors, and the reason for such deviations shall be included in the minutes of the board meeting. Deviations shall also be described in the remuneration report produced each year

### 2.2 Performance Measures

- Group CEO and Management will need to meet Financial targets which may include an AZT Group EBITDA, revenue expectation or other financial key figures
- Group CEO and Management will also need to meet Non-Financial targets
- The Financial and Non-Financial targets and weighting for the Group CEO and Management will be determined by the Board of Directors each financial year. The Board of Directors has also determined that the Financial targets may cascade down (as appropriate) through the organisation for all AZT Group Employees incentive programs

### 3. REMUNERATION Package

#### 3.1 Fixed Remuneration

- To ensure that the Company's approach to remuneration of the Group CEO and Management is competitive and in line with contemporary market practice, fixed remuneration will be benchmarked every year or as appropriate by the Board of Directors against a relevant comparator group in the marketplace
- As well, the Group CEO and Management receive fringe benefits such as mobile phone expenses, internet access, and journals based on need (benefits in kind)
- The Board of Directors will also periodically seek feedback from recruitment markets as measured by the ability to attract, retain and reward high performing employees
- Severance payments in case of the company terminates the employment are determined as part of the overall remuneration package in individual employment contracts for the Group CEO and Management. The severance payment for the Group CEO is determined by the Board of Directors. The severance payment for the Management is determined by the Group CEO in coordination and with approval by the Board of Directors. A severance payment of up to six month gross remuneration (excluding share options) depending on area of responsibility and level of position is considered reasonable. The Board of Directors may agree to different terms if reasons for the deviation are documented
- AZT is one of a few companies to build a global position in the enzyme markets. As such, AZT aims to be a market median payer in all local markets, with the ability to pay above market to reflect individual contribution, role and complexity

#### 3.2 Retirement and Pension Plans

- Company provides a pension scheme for all AZT Group Employees which includes a contribution of 5% of the salary between 0G and 7.1G and 8% for salaries between 7.1G and 12G.
- Group CEO and Management participate in the pension scheme
- There are no contributions made for salaries exceeding 12G. All AZT Group Employees contribute an additional 2% of their salary to the pension scheme

#### 3.3 Variable Remuneration

- Short Term: Performance-related pay
  - The Company's **Short Term Incentive** is designed to reward the Group CEO and Management with a cash incentive for achieving both Financial and Non-Financial targets
    - Group CEO up to 33.3% of fixed annual salary
    - CFO up to 25% of fixed annual salary
    - Management up to 15% of fixed salary

Target achievement evaluation is at the full discretion of the Board of Directors and is aligned with creating value for the Company and individual long-term performance of the Group CEO and Management

- **Long Term Incentive Plan: Share Option Program**

Designed to reward the Group CEO and Management with long term equity incentive aligned with the business strategy and the objectives of the company

- Defined in a separate document, Share Option Program 2021, with the following Terms & Conditions:
  - At any time the amount of allocated options is limited to 4% of the outstanding shares (04/21= 48.334.673; 4% = 1.933.387 share options)
  - Waiting period (no vesting) 12 months
  - Vesting Period 36 months
  - Exercise period 12 months

In compliance with the Terms & Conditions of the Share Option Program 2021 it is in the full discretion of the Board of Directors to decide on the amount and the allocation of the share options on an annual basis

The Board of Directors has also determined that the Share Option Program 2021 may cascade down through the organisation of the AZT Group Employees as decided by the Board of Directors from time to time

#### **4. REMUNERATION REVIEWS**

- Remuneration for the Group CEO is reviewed by the Remuneration Committee and the Board of Directors on a regular basis
- The Group CEO will review remuneration for the Management and report to the Remuneration Committee and the Board of Directors with recommend remuneration levels for the Management on a regular basis.
- The remuneration reviews in paragraph 4 will have regard to a review of individual performance, relevant comparative remuneration in the marketplace and internal and external advice (as appropriate). For the Group CEO, the Board of Directors has access to external advice, independent of management, if desired.

#### **5. REMUNERATION COMMITTEE**

- A Remuneration Committee has been established as a sub-committee of the Board of Directors to, amongst other things, review, and make recommendations to the Board of Directors, on remuneration arrangements for the Group CEO and the Management
- The remuneration for the Group CEO is ultimately determined by the Board of Directors
- The Remuneration Committee assesses the appropriateness of the remuneration for the Group CEO, the Management and Employees:
  - on a regular basis by reference to relevant employment market conditions
  - with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality management team.

#### **6. REVIEW OF THIS DOCUMENT**

- The Board of Directors will review this document at least annually to ensure it remains relevant and effective.
- This document is not intended to be contractual in nature
- The Board of Directors may change this document at any time

#### **7. PUBLICATION**

A copy of this document will be available in the Investors (Governance) section on the Company's website ([www.arcticzymes.com](http://www.arcticzymes.com)) or will be available upon request.