

2022

Annual and Sustainability Report

Nammo

Nammo executive remuneration policy

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The remuneration policy has been prepared in accordance with the Norwegian Public Limited Liability Companies Act, the Accounting Act, and the Norwegian State's Guidelines for the Remuneration of Senior Executives in Companies with Direct State Ownership, and in line with the Norwegian Code of Practice.

Remuneration policy in Nammo AS

PURPOSE AND SCOPE

This document regulates remuneration policy and structure for employees in Nammo AS (the Nammo Group ultimate parent entity). It is applicable for all employees organized in the Nammo Corporate Management including the Nammo Group Management Team.

The principles applying to remuneration of executive management are set by the board in the Annual Report as "Board of Directors' Statement on Management Remuneration".

STATEMENT

The remuneration policy shall ensure equal treatment of all employees. Nammo is committed to fair payment of all employees and to non-discrimination on the grounds

of gender, sexual orientation, gender identity, ethnicity, national origin, skin color, language, disabilities, religion, philosophy of life, veteran status and/or age.

RESPONSIBILITY AND GENERAL CRITERIA

The Board of Directors decides the CEO compensation and the yearly regulation, and approves base salary and yearly regulations for the CEO's direct reports.

For new hires, the CEO or the one given authority (typically HR or responsible leader) decides compensation.

For Nammo AS employees hired outside Norway, compensation must be aligned and in compliance with national policies, laws and regulations. The compensation package might be somewhat adjusted to meet local market conditions in terms of salary level and pension schemes.

Base salary regulation happens yearly as of 1 July, unless otherwise stated in the employment contract. Nammo AS follows in general the negotiated regulation in Nammo Raufoss, which is based on the negotiation on central level between NHO and LO. Salary adjustments are given as a percentage increase throughout the company including top-management and President & CEO position.

In general, the following criteria apply for remuneration decision and regulation:

- Nammo's financial situation
- Nammo's future outlook
- Nammo's competitiveness
- Comparable salary level (for the position)
- Individual performance, competence and experience

COMPENSATION STRUCTURE

1. Base Salary

Compensation shall take into account both Nammo's complexity and size as well as the individual's eventual global responsibility.

Base Salary shall be competitive, but not leading, to market.

Regular and relevant benchmarks are made to ensure that overall compensation packages are competitive, but not leading. For executive management and key personnel, a "Korn Ferry Hay salary report" benchmark (for the industry, ex. oil & gas sector in Norway, with 255 participating companies in Northern Europe) is conducted every second year. Competitive to market means base salaries at "Hay +/- upper 75th quartile". In other words, 75 percent of the sample pays less than this level while 25 percent pays more.

2. Benefits

a. Car allowance

A car allowance is offered senior executives (Corporate management team, SVPs, VPs and Directors) who can not make use of Nammo AS' and Nammo Raufoss AS' car rental agreements. The allowance is added to the employees' annual salary (added per month).

b. Car loan

Instead of traditional company cars, Nammo AS offers a car loan of maximum NOK 350.000,- to senior executives (Corporate management team, SVPs, VPs and Directors).

A loan agreement between Nammo AS and the employee formalizes the terms. Such agreement cannot be entered into between the company and its CEO without collateral.

c. Other compensation

Nammo AS compensates for broadband at home/home office (currently NOK 600,-/ month taxable) and mobile phone paid by the company.

3. Performance-based bonus

The Board of Directors in Nammo AS sets the bonus structure. Current bonus structure is as follows:

a. CEO	0–50 % of salary*
b. EVPs	0–42 % of salary*
c. CFO and President Nammo Inc.	0–36 % of salary*
d. SVPs and selected VPs/Directors	0–30 % of salary*
e. Other as per agreement	0–20 % of salary*

*] Salary in this context consists of base salary + pension compensation element.

The bonus agreements reflects the overall company goals set by the Board of Directors. The bonus scheme is based on achieving targets as improved financial and operational performance, and goals aligned with the company's ambitions and strategies.

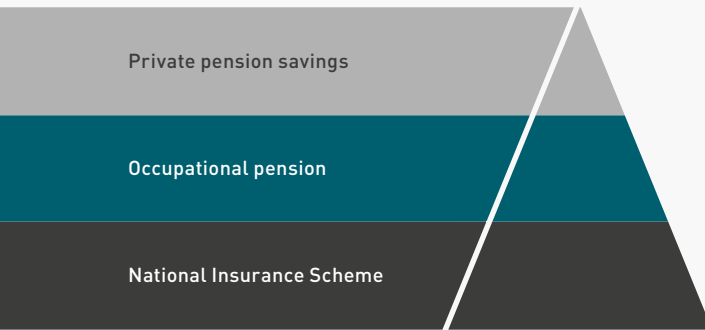
The prerequisite for achieving any bonus is that the financial performance element actually yields a bonus payment.

The bonus structure is based on relevant, transparent and measurable criteria.

Bonus is paid once a year after the Board of Directors' approval of year-end results.

4. Pension

The Norwegian pension system is divided into three parts: Retirement pension from the National Insurance Scheme (Folketrygden), occupational pension from employers, and private pension savings.



Nammo AS employees are covered by an occupational pension scheme, a defined benefit pension scheme, financed through a Group pension scheme with Storebrand, limited to 12 G (in 2022 app. 1.33 MNOK), with an estimated coverage of 60 percent of salary at time of retirement.

Nammo AS offers a pension compensation element

for salaries > 12 G ("Folketrygdens Grunnbeløp"). This is calculated as follows: 20 percent of the difference between annual base salary and 12 G.

In accordance with the G regulation, the yearly pension compensation element is adjusted as of 1 July.

Pension shall never represent a disadvantage for our employees.

The CEO has a separate pension agreement decided by the board, and is thus not included in the above.

TRAVEL COMPENSATION

All travelers are encouraged to obtain and use Eurocard Corporate Gold for business trips. Costs in connection with travel are registered on the travel voucher and are reimbursed when salary is paid.

Per diem are compensated according to government rates.

Travels over 12 hours are compensated according to the following norm: 1,5 hours base salary per weekday and 6 hours base salary per weekend day/holiday.

INSURANCE

Nammo AS provides business travel insurance and other insurances according to Norwegian law to all employees.

ILLNESS

Nammo AS pays full ordinary salary during illness. Length of payment follows the National Insurance Act ("Folketrygdløven").

PARENTAL LEAVE

Nammo AS pays full ordinary salary during parental leave.

SALARY PAYMENT AND HOLIDAY ALLOWANCE

Remuneration is paid monthly on the 15th. If the 15th is a Saturday, Sunday or public holiday, the payment is made on the last workday prior to the 15th. In December, salary payment is on the 12th or on the last workday prior to the 12th.

Nammo pays holiday allowance in June and deducts 50 percent of tax on base salary in November.

SALARY PREPAYMENT

Employees can apply for prepayment on the first of the month of maximum 50 percent of her/his monthly net salary.



Nammo

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