

2025 |

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 in line with the Norwegian Code of Practice.

The policy will be subject to approval during the Annual General Meeting when there is a material change and at least every fourth year in accordance with the Norwegian Public Limited Liability Companies Act, section 6-16a and supplementing regulations.

The policy has been adjusted with a new article 4 under section Compensation Structure addressing the compensation of the members of the board, section on Notice Period has been replaced with a section covering Termination of Employment and a section covering Deviation from the policy has been added at the end.

Subject to approval of the Annual General Meeting, 29 April 2025, this policy will replace the previous policy approved at the Annual General Meeting on 27 April 2023.

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 members in the Nammo Group Management Team, including members hired outside Norway. The principles applying to remuneration of executive management is set by the Board and approved by the Annual General Meeting.

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 adjustment, and approves base salary and yearly adjustments 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 adjustment are made annually on 1 July, unless otherwise stated in the employment contract.

Nammo AS follows in general the negotiated regulation in Nammo Raufoss AS, 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 decisions 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 global responsibility.

Base Salary shall be competitive, but not market leading.

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, 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 cannot utilize Nammo AS' and Nammo Raufoss AS' car rental agreements. The allowance is added to the employees' annual base salary (paid monthly).

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. President Nammo Inc.	0–36 % of salary*
d. CFO, SVPs and selected VPs/Directors	0–30 % of salary*
e. Others 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 and is structured as follows:

- A. Financial and operational performance improvements both related to individual companies, business units and the Group (CEO 60 percent, EVP's 60–80 percent, other top management 50–90 percent)
- B. Implementation of specific ambitions and strategies (20–50 percent of total bonus) within various areas, such as HESS, sustainability, continuous improvement, communication, compliance etc.

The performance-based salary is strongly linked to performance and shall motivate the executives to aim for and achieve key performance targets linked to the Company's strategy. Overall this contributes to secure profitable growth and over time it will deliver increased value to the shareholders.

Bonus is paid annually after the Annual General Meeting's approval of the financial statements.

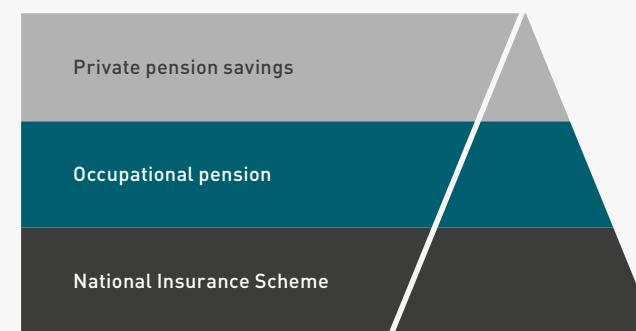
4. Board member compensation

Members of the board receives a fixed annual compensation determined by the Annual General Meeting. In addition to this, the Board members receives an additional fixed annual compensation for its participation in the two respective Board Committees; Risk Audit and Compliance Committee

and the HR and Compensation Committee. Expenses, such as travel expenses, incurred related to the execution of the Board responsibilities is reimbursed as applicable. The members of the Board do not receive variable remuneration from Nammo. Pension contributions or vacation pay are not paid on the fees of board members.

5. 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 plan, financed through a Group pension scheme with Storebrand, limited to 12 G (in 2023 app. 1.42 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 ("Folketrygden Grunnbeløp"). This is calculated as follows: 20 percent of the difference between the annual base salary and 12 G.

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

A Pension Compensation agreement for the CEO has previously been entered into and approved by both of the owners, 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 expense report and are reimbursed when salary is paid.

Per diem is compensated according to government rates.

Travels over 12 hours is 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 ("Folketrygdloven").

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 for a maximum of 50 percent of the monthly net salary.

Termination of employment

All employees in Nammo AS and members of Nammo Group Management Team have 6 months reciprocal termination period. During the notice period, the agreed remuneration terms continue, with reservations for the performance-based bonus which may lapse in accordance with the rules for the plans in force at any given time. Payment during the notice period is done on a monthly basis. If the employment contract terminates as a result of a gross breach of duty, or other material breach of the employment contract, the right to pay during the notice period could lapse

PERFORMANCE-BASED BONUS CLAWBACK

Nammo AS has clawback provisions in the terms and conditions for the performance-based bonus agreements. If Nammo's financial statements are subject to a restatement due to error or misconduct, Nammo can claim reimbursement of excess compensation paid under the bonus agreements, which was based upon the wrong data.

GOVERNANCE

In accordance with the Norwegian Public Limited Liability Companies Act, the Board of Directors prepare the policy for employees in Nammo AS, including the Nammo Group Management Team, and presents the policy whenever there is a material change and at least every fourth year, to the Annual General Meeting for approval.

The Board has appointed a preparatory committee, the HR and Compensation Committee, to assist the Board in its work with executive compensation. The committee prepares compensation matters for review and approval by the Board of Directors. The committee does not have independent decision-making authority. Hence, the work of the committee does not alter the responsibilities of the Board of Directors. The main tasks and responsibilities of the HR and Compensation Committee are executive remuneration, succession planning and talent development

DEVIATIONS FROM THE POLICY

The Public Limited Liability Companies Act permits the Board to deviate temporarily from the policy in special circumstances, i.e. if this is necessary to safeguard Nammo's long-term interests and financial sustainability or to ensure Nammo's viability. The Board has defined remuneration of the CEO, performance-based remunerations and pensions as areas where it may be relevant to deviate from the provisions of the Policy. In cases where deviations have been made, the Board shall report this to the next Annual General Meeting. The HR and Compensation Committee prepares and presents to the Board for consideration all cases involving potential deviations from the Policy.

A missile launching from a mobile launcher in a rugged, mountainous landscape. The launcher is mounted on a truck-like trailer with a large green camouflage antenna. A missile is shown in mid-launch, leaving a white smoke trail. The background features tall, rocky mountains under a clear blue sky.

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