

## Notice of Annual General Meeting of AF Gruppen ASA

The Annual General Meeting of AF Gruppen ASA will be held on Friday 12 May 2017 at 1 p.m. in the company's offices at Innspurten 15, Oslo.

### Agenda

Item	Description	Enclosure no.:
1	Opening of meeting by Board Chairman Pål Egil Rønn and registration of shareholders attending. In accordance with Article 6 of the Articles of Association, the Chairman of the Board also chairs the meeting	
2	Election of at least one person to countersign the minutes	
3	Approval of the notice and the proposed agenda	
4	Briefing on the operations	
5	Briefing on the work of the Board, work of the Audit Committee and work of the Compensation Committee	1 and 2
6	Review of the Board of Directors' statement on the determination of fixed pay and other remuneration for senior employees, cf. section 6-16a of the Public Limited Liability Companies Act	3
7	Adoption of the annual accounts and annual report for 2016, including the consolidated accounts and distribution of dividends, and discussion of the statement on corporate governance	
8	Approval of auditor's fees	
9	Determination of the Directors' fees for the 2016 financial year	4
10	Election of Board of Directors	4
11	Election of nomination committee	4
12	Determination of the Nominating Committee's fees for the 2016 financial year	4
13	Election of an auditor	
14	Authority to the Board to purchase treasury shares	
15	Authority to carry out private placing to employees	
16	Authorisation to the Board to increase the share capital by issuing new shares	
17	Authorisation for the Board to decide on distribution of dividends.	
18	Option programme	



AF Gruppen ASA has a share capital of NOK 4,859,105.60 made up of 97,182,112 shares, each with a face value of NOK 0.05. Each share gives the right to one vote at the company's general meetings. As at the date of this notice, AF Gruppen ASA owns 4,958 treasury shares.

The shareholders have the following rights in connection with general meetings:

- Right to attend general meetings, either in person or by proxy.
- Right to express themselves at general meetings and right to bring one adviser and give them the right to express themselves.
- Right to demand details from Board members and the CEO on matters that can have a bearing on the assessment of (i) the approval of the annual accounts and annual report, (ii) issues that are submitted to the shareholders for a decision and (iii) the company's financial position, including on the activity in other companies in which the company participates, and other issues to be dealt with by the General Meeting, unless the details that are demanded would cause disproportionate damage to the company.
- Right to propose alternatives to the Board's proposals for the issues to be dealt with by the General Meeting.

The shares are listed ex dividend on 15 May 2017. The dividend will be paid on 23 May 2017.

If you wish to appoint a proxy to represent you at the Annual General Meeting, please use the attached proxy form. Proxies must be appointed in writing and sent to the company by Tuesday 9 May 2017.

Registration for the Annual General Meeting must be in the company's hands no later than Tuesday 9 May 2017. Shareholders who have not registered by this deadline may be refused entry to the Annual General Meeting. Please use the registration slip you have been sent or notify us by telephone by calling 22 89 11 00 if you wish to attend the Annual General Meeting.

This notice of meeting with enclosures and the 2016 Annual Report are available on the company's website: [www.afgruppen.com](http://www.afgruppen.com).

In accordance with Article 6 of the Articles of Association, the appendices to the notice of meeting are not sent by post to the shareholders. Shareholders who wish to receive a copy of the 2016 Annual Report may contact the company c/o Lars Chr. Paulsen, tel. +47 900 25 969 or [lars.paulsen@afgruppen.no](mailto:lars.paulsen@afgruppen.no)

Oslo, 21 April 2017

AF Gruppen ASA

Pål Egil Rønn  
Chairman of the Board

Enclosures:

Registration form

Proxy form

Report from the Audit Committee

Report from the Compensation Committee

Board of Directors' statement on the determination of fixed pay and other remuneration to senior executives

Report from the Nominating Committee

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**Details of Items 7-9, and 12-18 on the agenda:**

**Item 7 Adoption of annual accounts and annual report for 2016, including the consolidated accounts and the distribution of dividends**

The Board proposes that the Annual General Meeting adopt the annual accounts and annual report.

It is proposed that a dividend of NOK 5.00 per share be paid.

Of the NOK 5.00 dividend, NOK 1.25 will be distributed as repaid capital.

A dividend will not be paid for treasury shares.

**Item 8 Approval of auditor's fees**

The Board proposes payment of the auditor's fees as invoiced.

**Item 9 Determination of the Directors' fees for the 2016 financial year**

The Nominating Committee proposes the following fees:

Chairman of the Board	NOK 440,000	(430,000)
Deputy Chairman of the Board	NOK 240,000	(215,000)
Other Board members		
Shareholder-elected Board members	NOK 220,000	(215,000)
Employee-elected Board members	NOK 190,000	(190,000)
Deputy members	NOK 21,500 per meeting	(21,000)
Committee Chairman		
Compensation Committee	NOK 55,000	(55,000)
Audit Committee	NOK 74,000	(72,000)
Committee members		
Compensation Committee	NOK 40,000	(40,000)
Audit Committee	NOK 58,500	(57,000)

**Item 12 Determination of the Nominating Committee's fees for the 2016 financial year**

The Board proposes the following annual fee for the Nomination Committee (unchanged):

Chairman	NOK 40,000
Members	NOK 35,000

**Item 13 Election of auditor**

The Board and the audit committee has considered the question of the election of a new auditor. Following a thorough process and evaluation of candidates, the Board proposes that Certified Public Accountant Rita Granlund of PWC should be elected as the new auditor of AF Gruppen ASA and its subsidiaries. This is consistent with the recommendations of the audit committee.

#### **Item 14 Authority to the Board to purchase treasury shares**

At the Annual General Meeting held on 12 May 2016, the Board was authorised to purchase treasury shares up until the Annual General Meeting in 2017, and in any case no later than 30 June 2017. The Board proposes that this authority be renewed until the Annual General Meeting in 2018, hence not beyond 30 June 2018.

The Board Proposes that the Annual General Meeting authorise the Board to purchase treasury shares within the limitations allowed by the Public Limited Liability Companies Act. The purpose of this authority is to give the Company an opportunity to purchase shares in situations where this would be in the Company's interest.

##### ***Proposal for adoption:***

*The Board is authorised to acquire the Company's own shares, including the establishment of charges created by agreement.*

*The highest nominal value of the shares the company may acquire is NOK 485,910, although at all times within the limitations set in section 9-2 of the Public Limited Liability Companies Act. The smallest amount that may be paid for a share is NOK 0.05. The highest amount that may be paid for a share is NOK 250.*

*When buying and selling treasury shares the company should seek to achieve the most favourable price possible. The Board is free with respect of the methods used to acquire and dispose of treasury shares, though always with the provision that the general principle of equal treatment of shareholders must be observed. For the sale of shares to employees and officers, shares may be sold at a discount of up to 20 % under the prevailing market price. Acquisition and disposal of treasury shares may thus occur, for example, with settlement in cash, with settlement by means other than cash or as settlement in connection with a merger or demerger.*

*The company's share capital is NOK 4,859,105.60 made up of 97,182,112 shares, each with a face value of NOK 0.05. If the share capital or face value of the shares is changed, the amounts specified in the second to fourth sentences shall be changed correspondingly.*

*This authority to the Board replaces the former authority dated 12 May 2016 and will apply until the date of the Annual General Meeting in 2018, although not after 30 June 2018.*

#### **Item 15 Authority to carry out private placing to employees**

In the last few years all of AF Gruppen's employees have been given an opportunity to buy shares at a 20% discount in relation to the average share price during the subscription period. It is desirable that similar opportunities are provided in 2017.

As of today's date, the Company owns 4,958 treasury shares. In order to obtain a sufficient number of shares to enable this sale of shares to employees, it may be necessary to issue new shares. Therefore, the Board asks the Annual General Meeting to authorise it to issue a limited number of shares for employees so that employees may buy shares in the Company in 2017.

***Proposed for adoption, cf. sections 10-14 to 10-19 of the Public Limited Companies Act:***

*The Board is authorised to increase the share capital by issuing new shares.*

*The share capital may be increased by a total of up to NOK 50,000 through the issuing of up to 1,000,000 shares, each with a face value of NOK 0.05. The authority can be exercised through one or more issues. The statement of the share capital and number of shares in Article 4 of the Articles of Association shall be changed correspondingly.*

*The power of attorney may only be used to issue shares in connection with the Company's share programme and incentive programme for employees in the Group.*

*The Board may decide to deviate from the shareholders' pre-emptive right to subscribe for shares under section 10-4 of the Public Limited Companies Act.*

*The authorisation is valid until the date of the Annual General Meeting in 2018, but not later than 30 June 2018*

**Item 16**

**Authorisation for the Board to increase the share capital by issuing new shares**

The Board proposes that the Annual General Meeting authorises the Board to increase the share capital by up to NOK 149,773 (3% of the presently registered paid-in share capital) by issuing new shares. This authorisation is valid until the 2018 Annual General Meeting, but not later than 30 June 2018.

The justification for the proposal is that the authorisation will provide greater flexibility in connection with acquisition of business.

***Proposed for adoption, cf. sections 10-14 to 10-19 of the Public Limited Companies Act:***

*The Board is authorised to increase the share capital by issuing new shares. The share capital may be increased by up to NOK 145,773. The authority can be exercised through one or more issues.*

*The statement of the share capital and number of shares in Article 4 of the Articles of Association shall be changed correspondingly.*

*The Board may decide to deviate from the shareholders' pre-emptive right to subscribe for shares under section 10-2 of the Public Limited Companies Act.*

*The Board may decide that share contributions may be assets other than cash, or the right to involve the company in special obligations pursuant to section 10-2 of the Public Limited Companies Act. If share contributions are to be settled by assets other than cash, the Board may decide that such assets be transferred to subsidiaries in return for corresponding settlement between the subsidiary and AF Gruppen ASA.*

*The authorisation also applies in the event of a decision to merge, pursuant to section 135 of the Public Limited Companies Act. The authorisation may also be used in those cases discussed in section 5-15 of the Stock Exchange Act.*



*This authority is valid from and including 15 May 2017 until and including the date of the Annual General Meeting in 2018, although not after 30 June 2018.*

**Item 17 Authorisation for the Board to decide on distribution of dividends**

AF Gruppen's dividend policy is to provide shareholders with a competitive dividend yield. The dividend must be stable and ideally rise in line with the earnings performance. The dividend must reflect the company's earnings and financial position and must over time comprise a minimum of 50% of the company's earnings.

At the Annual General Meeting on 12 May 2016 it was decided that the payment of dividends shall take place up to twice yearly, preferably after the Annual General meeting and after presentation of the quarterly report for Q3. The Board will recommend to the Annual General Meeting that this decision shall also apply for 2017.

***Proposal for adoption:***

*In accordance with Section 8-2 (2) of the Public Limited Liability Companies Act, the Board is granted authorisation to decide on the distribution of dividends on the basis of the company's annual accounts for 2016.*

*This authorisation is valid until the 2018 Annual General Meeting, but not later than 30 June 2018.*

**Item 18 Option programme**

At the Annual General Meeting in May 2014, a three-year option programme for employees of AF Gruppen was adopted, with the distribution of a maximum of 4,500,000 options for the years 2014-2017.

In March 2017, 3,253,346 options were redeemed by 1,133 employees. The option scheme has been very well received by all groups of employees. It has been particularly positive that the scheme covered all employees. Shares purchased by exercising options have a one year lock-in period.

As one of several tools for achieving AF Gruppen's future objectives, the Board is of the opinion that the option programme has been a success. The Board is therefore of the opinion that it will be appropriate to continue with a new option programme for employees. From experience, such a scheme will motivate to increased efforts, as well as ensuring that the group remains an attractive employer for the employees.

The Board therefore proposes that a new option program is implemented for all employees of AF Gruppen. It is proposed that the maximum number of shares that can be distributed over the three-year period is 3,500,000.

- Each option entitles the holder to acquire a share in AF Gruppen ASA.
- The option scheme will cover all employees.
- The Board is authorised to distribute the options between the different employee groups.
- It is proposed to introduce the incentive scheme in 2017 with allotments up to 2019.

- It shall be a condition of exercising awarded options that the option holder is still employed in the group on 01 March 2020.
- The options shall not be transferable.
- It is proposed that the employee shall pay NOK 1.- per option.
- The price of exercising the option shall be determined by the Board in accordance with the share's market value.
- In the event of over-subscription, distribution will be curtailed in proportion.
- There shall be adjustments for dividends that exceed 50% of net earnings per share.

For other conditions, refer to the proposal for adoption below.

Redemption of options will lead to employer's national insurance contributions for the Company to the extent that the shares' market value on redemption exceed the redemption price plus option premium.

The total accounting cost of the option programme is estimated at NOK 49.2 million divided over the option period 2017-2020, based on Merton's option price model (excluding employer's national insurance contributions) and a market price of NOK 155.

The maximum number of options may constitute 3.6% of the total number of shares as at 1 April 2017. Any dilution of existing shares will depend on the market price at the date of the option.

***The Board proposes that the General Meeting adopts the following resolution:***

*An option scheme shall be established for all employees of AF Gruppen. The maximum number of options that can be granted is 3,500,000. Each option entitles the holder to acquire a share in AF Gruppen ASA. The option scheme entails an annual allotment of options for 2017, 2018 and 2019, with the allotting starting in 2017. The Board is authorised to distribute the options between the different employee groups.*

*The employee must pay NOK 1.- per option to acquire options. The exercise price is determined as the share's market value.*

*Exercise of options shall occur in the course of the first quarter of 2020 as decided by the Board. It is a condition of exercising options that the holder is still employed by the group on 01 March 2020.*

*The Board is given authority to prepare the detailed guidelines for the scheme within the framework that has been given.*

*The General Meeting will ensure that the Board has the necessary authority at all times to issue new shares and/or acquire treasury shares, so that the Company's obligations to the employees in accordance with the option scheme can be fulfilled.*



# Registration

for the

## Annual General Meeting of AF Gruppen ASA on 12 May 2017

The undersigned, the holder of ..... shares in AF Gruppen ASA, will attend the company's annual general meeting on 12 May 2017 at 13:00 CET.

place....., date ..... /..... 2017

.....

Signature

.....

Name in block capitals

Registration must be in the company's hands no later than Tuesday 9 May 2017.  
The registration form can be sent to the company by mail or by e-mail ([generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no))





# Authorisation to the Annual General Meeting of AF Gruppen ASA

The undersigned, the holder of ..... shares in AF Gruppen ASA, hereby authorizes

..... to attend and vote for my shares in  
(block capitals)

AF Gruppen ASA at the Annual General Meeting on **12 May 2017**.

**My/our voting instructions are as follows (please mark below as applicable):**

Issue	For	Against	Abstain
3 Approval of the notice and the proposed agenda			
7 Approval of annual accounts and annual report			
9 Directors' fees			
10 Election of Board members, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
10.1 Bømark, Hege (re-election)			
10.2 Holth, Kristian (re-election)			
10.3 Lunde, Borghild (re-election)			
10.4 Rønn, Pål Egil (re-election)			
10.5 Siraj, Daniel Kjørberg (re-election)			
10.6 Bøyum, Gunnar (new)			
11 Election of Nomination Committee, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
11.1 Thorstensen, Tore (re-election)			
11.2 Haupberg, Ove B. (re-election)			
11.3 Groth, Peter (new)			
12 Determination of the Nomination Committee's fees			
13 Election of an auditor			
14 Authority to the Board to purchase treasury shares			
15 Authority to carry out private placing to employees			
16 Authorisation to the Board to increase the share capital by issuing new shares			
17 Authorisation for the Board to decide on distribution of dividends.			
18 Option programme for employees			

If no voting instructions are given the authorised party is free to vote on behalf of the shareholder.

Authorisation must be in the company's hands no later than 9 May 2017. (send by e-mail to: [generalforsamling@afgruppen.no](mailto:generalforsamling@afgruppen.no))

place....., date ..... / ..... 2017

.....  
Signature

.....  
Name in block capitals



## Report from the Audit Committee 2016/2017

The Company's Audit Committee is made up of three shareholder-elected Board members:

Hege Bømark (chairman)  
Kristian Holth  
Borghild Lunde

Company CFO Sverre Hærem participates at all Committee meetings. The Company's auditor, Tommy Romskaug, participated at 6 meetings.

The purpose of the Audit Committee is to assist the Group Board with the management and performance of the Board's supervisory duties pursuant to sections 6-12 and 6-13 of the Public Limited Liability Companies Act. The Audit Committee's mandate is adopted by the Group Board and described in the "Mandate for the Group Board's Audit Committee".

The following duties are included in the Audit Committee's mandate:

- Assess the Group's financial and account reporting
- Evaluate the auditing, nominate an auditor for election and explain the auditor's fees broken down by auditing and other services to the Annual General Meeting.
- Assess the Company's internal controls, including:
  - Group's management of risk
  - Group's internal control functions and authority matrix
  - Group's cash management
  - Group's ability to perform assessments, improve, execute and follow up investment decisions
  - Organisational matters related to financial reporting and control in the Group

The Audit Committee has held six meetings since the last Annual General Meeting. In addition, meetings have been held regarding the evaluation and election of a new auditor. The Audit Committee has reviewed the following matters:

- Account reporting:
  - Review of quarterly reports
  - Preliminary results for 2016
  - Annual accounts and annual report for 2016
  - Impairment test of intangible assets including AF Offshore AeronMollier
  - Evaluation and weighting of annual report
- Audit
  - Interim audit including:
    - Project understanding, accounting management, risk management
  - Review of audit for 2016
  - Assessment of auditor's fees
  - Assessment of auditor's independence
- Auditor
  - Evaluation and election of new auditor
- Internal control
  - Principles and model for impairment tests
  - Review of rules and regulations the audit committee must relate to
    - IFRS 15 – new revenue recognition standard
  - Legal contractual advice in AF Gruppen

The Audit Committee has provided its recommendation for the issues it has dealt with for final resolution by the Board.

Oslo, 06/04/2017  
Hege Bømark

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## Report from the Compensation Committee 2016/2017

The Company's Compensation Committee (CC) is made up of two shareholder-elected Board members:

- Daniel Kjørberg Siraj (Chairman)
- Peter Groth

The Company's CEO, Morten Grongstad, participates in the meetings.

The purpose of the Compensation Committee is to be a preparatory body for the Board in matters that concern the evaluation of the fixed pay and other remuneration determined for the CEO, in addition to being an advisor to the CEO in connection with determining the terms for members of the Corporate Management Team.

The Compensation Committee's mandate is adopted by the Group Board and described in the "Mandate for the Compensation Committee".

The Committee's work consists of questions related to fixed pay, bonuses, options, severance pay, early retirement and retirement pensions,

The following tasks are included in the Compensation Committee's mandate:

- Evaluate whether the remuneration of the CEO and the rest of the Corporate Management Team is appropriate and adapted to the operations.
- Prepare and recommend proposals for the compensation of the CEO, including adjustment of the fixed pay, bonuses and other incentive schemes and present these to the Board for evaluation and a decision.
- Prepare and present the employees' participation in any new issues, share programmes, etc. to the Board.
- Present guidelines for the remuneration of senior executives to the Board, which will be presented to the Annual General Meeting for their information/approval after review by the Board.
- Prepare and present other significant personal matters that are related to the compensation of senior executives to the Board.

The Compensation Committee has held three meetings since the Annual General Meeting on 12 May 2016. The following matters have been reviewed:

### Determination of the CEO's remuneration

- At his own request, the CEO waived his own salary adjustments in 2016
- The Compensation Committee's chairman/the Board's deputy chairman has approved bonus payments and settlement of salary arrangements for the former CEO, cf. the decision by the Board.

### Evaluation of incentive models in AF Gruppen

- The Compensation Committee has asked the administration to evaluate incentive models in the company.
  - The main conclusion is that today's incentive schemes have had the desired effect in relation to the company's performance and to provide competitive conditions for its employees. The company wishes to strengthen the focus on the fact that incentive models must also support strategic commitment to better customer relations and innovation. The Compensation Committee has therefore decided that the schemes will be continued in 2017.
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Assessment of the overall compensation level in AF measured against competitors and comparable companies

- Total remuneration in the form of salary, bonus, share and option programmes and pensions have been assessed.
- Among the main conclusions are:
  - Fixed salaries and pensions for senior executives are lower measured against comparable companies
  - An increased share of variable salary in the form of bonuses and share incentives compensates for a lower fixed salary, given that the company performs significantly better than its competitors
- There are no agreements relating to severance pay or early retirement

Guidelines for compensation for the Corporate Management Team in AF for the strategic period 2016-2020

- Moderate fixed salary adjustment for the Corporate Management Team with individual adaptations.
- Introduction of a performance-related threshold for bonus achievement,
- reduced bonus rate for the CEO and a minor increase in the bonus rate for executive vice presidents to adjust the level of difference between the CEO and executive vice presidents.
  - Bonus rates have been reduced from the years before 2016 for both the CEO and executive vice presidents.

Continuation of the option programme

- The administration has promoted the desire to continue the option scheme for a new 3-year period but with a reduction in scope from 4,500,000 shares to 3,500,000 shares
- The Compensation Committee has reviewed the proposal and recommended that the Board propose a new option programme at this year's Annual General Meeting. The option programme has been very successful for employees, business and other shareholders by ensuring a high degree of employee ownership in the business and a focus on achieving goals. Special attention is devoted to ensuring continuation of the democratic system that today's scheme has had compared with more senior management-focused programmes.

Oslo, 07/04/2017

Daniel Kjørberg Siraj

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## **Board of Directors' statement on the determination of fixed pay and other remuneration to senior executives**

The Board of Directors has prepared the following statement on the determination of fixed pay and other remuneration to senior executives pursuant to Section 6-16a of the Public Limited Liability Companies Act.

Senior executives are defined as the Corporate Management Team, which consists of the CEO and executive vice presidents.

### **1. Determination of fixed pay and other remuneration for senior employees**

#### *Main principles*

- The salaries of senior executives are made up of a fixed component, the base salary, and a variable component in the form of a bonus.  
The sum total of the base salary and bonus constitutes the total remuneration the employees receive for their services.
- The scope of the variable component of the remuneration depends on to what degree the defined economic targets are achieved.
- The total remuneration that is offered shall be competitive in relation to comparable positions and the market.
- The Compensation Committee is the Board of Directors' advisor for the evaluation of the terms for senior executives.

#### *Determination of the CEO's remuneration*

The Board of Directors determines the CEO's remuneration in consultation with the Compensation Committee. The CEO has otherwise the same employment terms and notice period as other employees. There are no agreements relating to severance pay or early retirement.

#### *Determination of the remuneration of executive vice presidents*

The Board of Directors establishes guidelines for the remuneration of executive personnel in consultation with the CEO.

There are no agreements relating to severance pay or early retirement.

#### *Bonus*

Bonuses for senior executives are based on the EVA (Economic Value Added) model. EVA is a method of calculating and analysing value creation in the Group and in economic units below group level. Bonuses based on the EVA model for senior executives are linked to the Group's value creation and the individual business area through the financial year.

Of the total bonus earned, 25% can be used to buy shares at a 20% discount and the remainder is paid in cash. The lock-in period for the shares is one year.



#### *Purchase of treasury shares*

Shares can be sold to senior executives, subject to the approval of the Board of Directors at a 20 % discount on the prevailing market price. Shares are offered to senior executives in the same way as to other employees.

#### *Options*

At the AGM on 15 May 2014 it was decided to establish a new option scheme for all employees of AF Gruppen. The maximum number of options that could be allotted was 4,500,000.

The options programme meant that the Group's employees were given the opportunity to buy options in each of the years 2014, 2015 and 2016. This was accomplished by granting the individual employee a certain number of options annually. Employees were granted a specific number of options each year, all of which had to be accepted.

Each option entitled the holder to purchase a share in AF Gruppen ASA.

The employees paid NOK 1.00 per option. The exercise price was set at the market value of the shares on 31 December of the previous year.

1,133 employees redeemed 3,253,346 options in March 2017.

#### *Retirement benefit scheme and payments in kind*

Senior executives participate in the Group's retirement benefit scheme and receive payments in kind in the form of allowances for work travel, data connections and mobile telephones on par with that of other employees.

## **2. Compensation policy in force in 2016**

#### *Determination of the CEO's remuneration*

The terms for the CEO were set by the Board of Directors. The remuneration paid in 2016 was in accordance with the agreements entered into, and a bonus was paid for the 2015 financial year in addition to the salaries for 2016.

#### *Determination of the remuneration of executive vice presidents*

The terms for the executive vice presidents were set by the CEO in consultation with the Board of Directors. The remuneration paid in 2016 was in accordance with the agreements entered into. A bonus was paid for the 2015 financial year.

Executive vice presidents' bonuses are paid on the basis of the EVA achieved in the Group.

## **3. Effect of changes to the compensation schemes agreed on in 2016**

There have been no changes in the compensation schemes in 2016, which differ from 2015.

## **4. Guidelines for the determination of fixed pay and other remuneration for 2017**

The determination of fixed pay will follow the same principles in 2017 as in 2016.

For further information, please refer to notes 7 and 32 in the annual report.



## Recommendations of the Nominating Committee to the Annual General Meeting of AF Gruppen ASA, 12 May 2017

### 1. The Nominating Committee's work

The Nominating Committee has met with the board members and the CEO in order to evaluate the Board's work on behalf all the Company's shareholders. In addition, discussions have been held with several major shareholders. On the basis of these, the Nominating Committee will propose that the Annual General Meeting re-elects the entire Board.

At the Annual General Meeting in 2009 the Articles of Association were amended so that up to two alternate members with the right to attend Board meetings could be elected. The Nominating Committee recommends that this arrangement be maintained, and that a permanently attending alternate is elected at this year's Annual General Meeting.

### 2. Election of Board members and the Board Chairman

Shareholder-elected Board members are up for election every year. The Nominating Committee submits the following proposal to the General Meeting:

The following individuals should be elected as Board members for one year:

Bømark, Hege (re-election)  
 Holth, Kristian (re-election)  
 Lunde, Borghild (re-election)  
 Rønn, Pål Egil (re-election)  
 Siraj, Daniel Kjørberg (re-election)

Alternate representatives:

Gunnar Bøyum (new)

The Nominating Committee proposes that the Annual General Meeting re-elects Pål Egil Rønn as the Chairman of the Board.

### 3. Remuneration for the Board and Nominating Committee for the election period until the Annual General Meeting for the 2016 financial year

The Nominating Committee submits the following remuneration proposal for approval:

Chairman	:	NOK 440,000
Deputy Chairman	:	NOK 240,000
Other Board members		
shareholder-elected	:	NOK 220,000
employee-elected	:	NOK 190,000
Alternate(s)	:	NOK 21,500 (per meeting)
Committee members		
Compensation Committee	:	NOK 40,000
Audit Committee	:	NOK 58,500



Committee Chairman		
Compensation Committee	:	NOK 55,000
Audit Committee	:	NOK 74,000

The Board proposes the following for adoption concerning the remuneration of the Nominating Committee:

Chairman of the Nominating Committee:	NOK 40,000
Members of the Nominating Committee:	NOK 35,000

#### 4. Nomination Committee

The Board submits the following proposal to the Annual General Meeting:

The following shall be elected to the Nominating Committee for one year:

Tore Thorstensen  
Peter Groth  
Ove B. Haupberg

It is proposed that Tore Thorstensen is elected as Chair.

Oslo, 06/04/2017

Tore Thorstensen  
Chair

Gunnar Bøyum

Ove B. Haupberg

#### Brief personal details of the Committee's proposed candidates for the new election:

##### Board:

**Gunnar Bøyum**, alternate representative (61) is CEO of Aspelin Ramm Group and has been a member of the Nominating Committee in AF Gruppen ASA during the last year. He has extensive experience from contractor work and property development, including as CEO of Skanska Norway and head of the Tjuvholmen development from 2003-2014. He was a director of Aspelin Ramm Group from 1991-1998, and took over as CEO after Peter Groth when he retired in 2014. He is a graduate economist from Copenhagen and holds a Master in international economics/management from the United States and England