



NORDIC[®]
SEMICONDUCTOR

The Board of Directors' guidelines on salaries and other remuneration for Executive personnel

Introduction

In accordance with the Norwegian Public Limited Liability Companies Act, Section 6-16a, the Board shall establish guidelines for remuneration to members of executive management.

In accordance with the Norwegian Public Limited Liability Companies Act Section 5-6 (3), the Board's guidelines for salary and other remuneration to the Executive Management Team in the Company shall be presented to the General Meeting for an advisory vote for the next financial year, while the part of the guidelines which covers share-based remuneration as set out by the Norwegian Public Limited Liability Companies Act Section 6-16a (1) no. 3 shall be presented to the General Meeting for approval for the next financial year. The Board considers the Company's Long-Term Incentive Plan, as described in the guidelines under that heading, as share-based compensation.

The Board's statement is worded as follows:

The Board of Nordic Semiconductor ASA ("the Company") has established a People and Compensation Committee ("the Committee") to evaluate and recommend remuneration principles and execution for the CEO and to evaluate and guide principles and strategy for the compensation of the Executive Management Team. Furthermore, the People and Compensation Committee evaluates and oversees the overall compensation strategy for the Company and provides deeper Board oversight to other people and organization-related matters. The CEO's total compensation, and any adjustments, is first reviewed by the Committee and then approved by the Board. The Board considers CEO compensation each year. The compensation of the other members of the Executive Management, including adjustments of these, is agreed between the CEO and the respective manager in the context of an overall compensation plan recommended by the Committee and approved by the Board.

Nordic operates in a highly competitive, international technological landscape. The Board has approved a reward strategy that sets out the guiding principles of Nordic's remuneration approach to support the

attraction, engagement, and retention of relevant talent.

Reward and remuneration in Nordic are based on the principles of aligning remuneration arrangements with our strategic drivers and rewarding executives and employees fairly for their contribution. This is underpinned by Nordic's values of Engagement, Contribution, Knowledge, Respect and Responsibility.

Definition of executive personnel

The following persons fall within the definition of executive personnel in these guidelines:

- Members of the company's Executive Management Team including the CEO

How the guidelines promote the Company's business strategy, long-term interests and sustainability

Nordic's mission is to be a world-leading supplier of connectivity solutions, with ultra-low power proprietary and Bluetooth technologies for short-range, Wi-Fi for medium-range, and cellular IoT technology for the long-range market.

To achieve that mission, the Company's business is built on several strategic pillars that aim at ensuring lasting growth and profitability in a market in major development. The Company is a market leader in short-range wireless solutions and ready to take on the large emerging market opportunity within cellular IoT. One of the strategic objectives determining priorities is that Nordic Semiconductor is to be a positive force in the Internet of Things (IoT) community. This means that Nordic Semiconductor aspires to lead the development towards a more sustainable and healthier society by providing products that aim to improve people's lives, optimize the use of resources, and create large economic value at the same time. IoT will become a major contributor to a sustainable global economic development, within areas such as healthcare, industry, innovation, infrastructure, smart cities, and clean energy.

More information on all the Company's strategic pillars can be found in the Company's Annual Report and on

the Company's website (www.nordicsemi.com). However, attracting, developing, and retaining a highly skilled and motivated workforce that makes the Company flourish and succeed is the foundation of these. To successfully implement the Company's business strategy and safeguard the strategic pillars and long-term interests of the shareholders, the Company must attract, develop, and retain senior executives with relevant experience, expertise, and advanced leadership skills. It is therefore important that the Company can offer its senior executives a competitive total remuneration package for the relevant market that Nordic operates in.

On this basis, the Company must seek to offer its senior executives terms that provide commitment and align their interests with the ones of the shareholders. Further, it is necessary to offer terms that are in line with relevant market levels, and that are also well-balanced and reasonable based on the executives' expertise, responsibilities, and accountabilities, as well as performance. The successful implementation of the company's business strategy and its sustainable long-term interests, including financial sustainability, require that the company can offer market competitive salaries to attract, motivate and retain executives with the necessary and relevant competence.

The guidelines for remuneration aim to provide a clear framework for remuneration of senior executives so that terms can be formulated to benefit the Company's business strategy and long-term interests and sustainability including its mission is to be a world-leading supplier of connectivity solutions, which contribute to long-term growth in shareholder value. The guidelines are globally applied to all Nordic Semiconductor entities and units to support the company's strategy, objectives, and values. In addition, the guidelines aim to ensure alignment with the current remuneration strategy and practices applicable for the Company's employees based on the principles of competitiveness, fairness, transparency, and performance. This means to:

- attract and retain highly competent, performing, and motivated executives that have the ability, experience, and skill to deliver on the Company strategy

- encourage behavior consistent with the Company's culture and core values
- ensure fairness in rewards by delivering total remuneration that is appropriate but not excessive, and clearly explained
- have a total compensation mix of fixed pay, variable pay and benefits that is competitive where the Company competes for talent
- encourage variable remuneration which aligns employees with clear and relevant targets, reinforces their performance and enables flexible remuneration costs

Components of the remuneration package for the company's Executive Management Team

The main principle of the Company's policy for remuneration and compensation is that executive personnel shall be offered competitive terms, to attract and retain leaders with the desired competence to the Company's Executive Management Team. Total Direct Compensation shall be split between fixed salary, short-term incentives, and long-term incentives, while Total Compensation also includes pension and other valuable benefits such as insurance, etc. The mix between the short-term and long-term incentives is set to support optimal value creation for our shareholders.

The total remuneration package is to be in line with relevant market levels and consists of the following components:

- Fixed annual base salary
- Short-term incentives
- Long-term incentives
- Pension and other benefits

Fixed annual base salary

Providing a fair and competitive base salary as part of the total remuneration package is key for the continued company success and management continuity. The fixed annual base salary for senior executives is determined based on the level of the position in the organization (defined through detailed job evaluations), local labor market conditions, individual conditions including performance, budget, and remuneration guidelines for annual salary review. The fixed compensation shall be reasonable, fair, market-aligned, and competitive. The level of fixed annual base salary for the Executive Management Team is to be reviewed annually using

relevant benchmark data and internationally recognized job evaluation methodology. It is further necessary to point out that one of the members of the Executive Management Team resides outside of Norway, and additionally receives an annual expat allowance.

Short-term incentives (STI)

We reward our employees for high performance in achieving both individual and company objectives, thus linking remuneration to successful execution of our strategy and to long-term shareholder value creation. Providing a more competitive compensation package will increase the alignment of executives' interest with the shareholders' interests, foster a performance culture, promote long-term decision-making and commitment, share in company success and an overall stronger link between pay and performance. Providing competitive and market-aligned incentive plans for the Executive Management Team is essential in achieving this.

The Company has established an annual bonus program ("the STI plan") for the Executive Management team. The bonuses are awarded as a direct cash payment.

The key performance indicators ("KPIs") defined for the Executive Management Team are carefully considered and defined to link remuneration to both the short and long-term value creation of the Company. The same company wide financial KPIs are set for the rest of the organization to recognize Nordic's culture, collaboration, and interdependencies among the existing team members.

Linking executive remuneration with the company's strategy can help drive the right behaviors, encourage a focus on longer-term sustainability and create a more nuanced approach to performance than merely focusing on the financial aspects. Based on this, the Company has decided that the Executive Management Team will also be measured on Revenue Growth, Total Shareholder Returns, Growth of Tier 1 customers, Environmental, Social, Governance (ESG) KPIs and individual KPIs. Company KPIs are set by Executive Management Team, discussed and reviewed by the People and Compensation Committee and approved by the Board of Directors. The KPIs shall be reviewed annually so that they are relevant and appropriate in

terms of the current strategic focus and priorities of the Company. Below is a summary of the KPIs for 2021 and their relative weighting:

- Revenue Growth (25%)
- Relative Total Shareholder Returns (25%)
- Growth of Tier 1 customers (25%)
- ESG KPIs (12.5%)
- Individual KPIs (12.5%)

Achievement of targets will result in a performance pay bonus of 40% of base salary for members of the Executive Management Team and of 45% of base salary for the CEO. The performance bonus is capped at 52% of base salary for Executive Management Team and 59% of base salary for the CEO. The KPIs are designed to promote the Company's business strategy and long-term interests, including sustainability, by being clearly linked to business targets and the Company's strategies.

At the end of the performance period for fulfillment of the KPIs for paying short term bonuses it shall be determined to what extent the KPIs have been fulfilled. This assessment shall be based on an evaluation of the KPIs as they are described in the STI plan.

Long-term incentives (LTI)

In addition to annual base salary and short-term incentives as described above, the Executive Management Team can obtain a variable long-term bonus program ("the LTI plan"), which rewards clear, measurable performance targets and is conditioned by continued employment at the end of the vesting period for the LTI plan. The purpose of the LTI Plan is to further align the interests of the Company and its shareholders by providing incentives in the form of awards to employees to motivate them to contribute materially to the success and profitability of the Company. Such LTI awards shall give participants in the LTI Plan an interest in the Company aligned with the shareholders, thus enhancing the proprietary and personal interest of such participants in the Company's continued success and progress and motivate for outstanding performance and individual contributions towards a common long-term goal. This LTI Plan will also contribute to enable the Company to attract and retain employees. The total value for the grant every year is to be 45% of annual base salary for EMT, and 55% of annual base salary for the CEO.

The LTI plan for the executives is split in two elements. 50% of the LTI plan is given in Restricted Stock Units (“RSUs”) and the remaining 50% is given as Performance shares. Each member of the Executive Management Team is granted a number of RSUs that vest and will be delivered to the employee after 3 years. The number of RSUs granted depends on the share value at grant date. The RSUs are delivered to the employee as long as the person is still employed in the Company with no termination date.

Each member of the Executive Management Team is granted an equal number of Performance shares. The main difference is that the actual shares will be delivered to the employee after 3 years in proportion to the achievement of certain KPIs. The shares vest upon the completion of the performance period and the actual payout level will vary between 0%-200%, depending on the performance level of the KPIs. The KPIs for payment of the LTI plan are defined to promote the long-term interests and sustainable development of the Company and have a clear link to the business strategy. Below is a summary of the KPIs related to the Performance shares with their relative weighting for the 2021-23 LTI plan:

- Revenue Growth (33%)
- Relative Total Shareholder Returns (33%)
- Individual KPIs (33%)

At the end of the performance period for fulfillment of the KPIs for granting Performance shares, it shall be determined to what extent the LTI KPIs have been fulfilled after the performance period. This assessment shall be based on an evaluation of the KPIs as they are described in the LTI plan.

An EBITDA underpin has been included to ensure that a minimum level of profitability is reached for above target rewards to be paid out based on the Revenue criteria. An absolute TSR underpin has been included to ensure that returns to the shareholders are positive for above target rewards to be paid out based on the rTSR criteria.

The LTI plan has a holding period requirement of Shares. Until shareholding in the Company corresponds to the value of one annual gross fixed salary, called the “Ownership Obligation” or “floor”, 50% or more of the

paid net award under the LTI plan must be held. Such number of Shares must be held until the end of the Participant’s membership in the Executive Management Team LTI plan. The earned net shares that are not required to be held (50%), as well as any earlier earned shares, may be sold as permitted by other requirements such as insider regulations. The Board may permit exceptions to the Ownership Obligation or set terms diverging from this paragraph for individual participants. By having an ownership commitment and connecting the performance target to the shareholders’ objectives, a common interest in promoting the Company’s business strategy, long-term interests and value creation is established. More detailed information on the Company’s LTI plan can be found in the Company’s Annual Report accessed through the Company’s website (www.nordicsemi.com).

For 2020, the Annual General Meeting approved to replace the stock option program with a Restricted Stock Unit (RSU) program for all employees. The Board recommends to the Annual General Meeting to continue this program and allocate up to 600 000 RSUs to all employees in 2021. The RSUs vest over 2 years and will be delivered to the employee at the vesting date at par value.

Pension and other benefits

All members of the Executive Management Team have a defined contribution pension plan. The main benefit is a contribution of 7% of salary up to 7.1 basis points (G) and 18% of salary between 7.1 and 12 basis points. The pension benefits are considered competitive compared to the market, which is in line with the remuneration guidelines. The CEO and other Senior Executives have the right to retire from the age of 62 in accordance with applicable local regulations. In addition, all Executive Management Team members are covered by insurance such as health insurance, life insurance, critical illness insurance, disability insurance as well as travel insurance. Other notable benefits include a monthly paid subscription for a mobile phone.

Severance pay

The Group’s Chief Executive Officer has agreed to a 6-month mutual resignation period, except that the resignation period increases to 12 months in the event

that the Company is acquired or merged with another company. The rest of the Executive Management Team has a 3-month resignation period. There are no severance pay agreements for the members of the Executive Management Team.

Deviations from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The People and Compensation Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.