

# The Board of Directors' Remuneration Guidelines and Policy for Remuneration of Senior Executives

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**NORDIC**<sup>®</sup>  
SEMICONDUCTOR

## 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 for Nordic Semiconductor's (Nordic's, or the Group's) Executive Management Team shall be presented during the General Meeting for an advisory vote for the next financial year. The guidelines covering share-based remuneration as set out by the Norwegian Public Limited Liability Companies Act Section 6-16a (1) no. 3, shall be presented during the General Meeting for approval for the next financial year. The Board considers the Group's Long-Term Incentive Plan as share-based compensation.

The Board's statement is as follows:

The Board of Nordic Semiconductor ASA (the Board) 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 senior executives. Furthermore, the Committee evaluates and oversees the overall compensation strategy for the Group and provides deeper Board oversight for 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 other senior executives, 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 landscape. To support talent attraction, engagement, and retention, the Board has approved a reward strategy.

Reward and remuneration are based on Nordic's strategic drivers and designed to reward employees fairly for their contribution. This is underpinned by Nordic's values of Engagement, Contribution, Knowledge, Respect and Responsibility.

## Definition of senior executives

Members of the Group's Executive Management Team, including the CEO, are considered senior executives.

## Reinforcing the Group's business strategy, long-term interests, and sustainability

Nordic Semiconductor is a global leader in low-power wireless connectivity solutions and the clear market leader in Bluetooth Low Energy. The company is rapidly expanding its position in cellular IoT, cloud services, Wi-Fi, and Power Management,

strengthening its foundation for future growth. By delivering ultra-low power, secure, and reliable connectivity solutions, Nordic enables businesses to create and bring innovative products faster to market.

As IoT continues to shape a more connected, sustainable, and efficient world, Nordic's wireless connectivity solutions play a vital role in advancing smart healthcare, industrial automation, smart cities, and clean energy solutions—while also powering consumer devices, wearables, and the connected experiences that enhance everyday life.

Under the leadership of CEO Vegard Wollan, Nordic has sharpened its strategic focus to enhance agility, accelerate innovation, and capitalize on emerging market opportunities. While maintaining its leadership in low-power wireless connectivity, the company is driving operational efficiencies, refining product execution, and strengthening customer engagement to ensure long-term profitability and sustained growth.

The Group must offer its senior executives terms that are motivating and align their interests with those of the shareholders. Terms should reflect relevant market levels, be well-balanced, and reasonably based on the executives' expertise, responsibilities, and performance. The successful implementation of the Group's business strategy, long-term interests, and financial sustainability requires that the Group offers competitive salaries for relevant markets to attract,

motivate, and retain executives with the necessary and relevant competence.

All Group entities are governed by the same guidelines, which support the strategy, objectives, and values. Additionally, these guidelines aim to align with the current remuneration strategy and practices applicable to the Group's employees, based on the principles of competitiveness, fairness, transparency, and performance.

This is achieved by:

- Attracting and retaining highly competent and motivated executives that have the ability, experience, and skill to deliver on the Group strategy.
- Encouraging behavior consistent with the Group's culture, core values, and defined targets.
- Ensuring fairness in awarding total remuneration that is appropriate, not excessive, and clearly explained.
- Offering a total compensation mix of fixed pay, variable pay, and benefits, that is competitive in relevant markets.
- Encouraging variable remuneration which aligns employees with clear and relevant targets, reinforces their performance and enables flexible remuneration costs.

#### Senior executives' remuneration package components

The main principle of the Group's policy for remuneration and compensation is that senior executives shall be offered

competitive terms to attract and retain leaders with the desired competency to the Group's senior management. 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 created to support optimal value creation for Nordic's shareholders.

The total remuneration package is to be in line with relevant market levels for the respective positions, 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 continued corporate 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 job evaluations, relevant labor market conditions, individual conditions including performance and budget, and remuneration guidelines for annual salary review. The fixed compensation shall be reasonable, fair, aligned with relevant market, and competitive. The level of fixed annual base salary for the senior executives

is to be reviewed annually using relevant benchmark data and an internationally recognized job evaluation methodology.

#### Short-term incentives (STI)

Employees are rewarded for high performance when corporate objectives are achieved, thereby linking remuneration to the successful execution of Nordic's strategy and the creation of long-term shareholder value. Providing a competitive compensation package contributes to increase the alignment of executives' interest with the shareholders' interests, foster a performance culture, promote long-term decision-making and commitment, share in corporate success, and an overall stronger link between pay and performance.

The Group has established an annual bonus program (the STI plan). The bonus is awarded as a direct cash payment, subject to underpin fulfilment.

The key performance indicators (KPIs) defined for the senior executives' STI plan are carefully considered to link remuneration to both short- and long-term value creation. The same corporate financial KPIs are set for the rest of the organization to recognize Nordic's culture, collaboration focus, and interdependence among the existing executive team members.

Linking executive remuneration to the Group's strategy ensures motivating and driving 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 Group has decided that the senior executives will continue to be measured on both financial and non- financial KPIs. Corporate KPIs are set by the Executive Management Team in collaboration with the ESG committee, discussed in the Board's Sustainability and Audit Committees, and reviewed by the People and Compensation Committee before approval 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 Group.

The KPIs for 2025 STI plan and their relative weighting are:

- Revenue vs. budget (40%)
- EBITDA (25%)
- ESG-linked objectives\* (10%)
- Must Win Initiatives (25%)

\*The STI and LTI plans have different ESG-linked objectives to incentivize according to both short- and long-term strategy

Must Win Initiatives are key milestones, such as year-on-year growth in design wins, revenue targets according to plan and gross margin expansion, for the different business units. These are crucial for the organization's short-term success and ensure progress towards the group's target operating model. The milestones are common and cascaded across the entire Nordic organization.

The STI payout is contingent upon the Board's discretion, which is based on the overall financial condition of the company, including the requirement that the Group maintains a positive EBITDA after accounting for STI accruals.

Achieving these targets may result in a performance pay bonus of 60% of base salary for the CEO, 55% for EVP Sales & Marketing, and 40%-50% of base salary for other senior executives. The performance bonus for the CEO and EVPs is capped at 200% of the target bonus, while for other executives, it is capped at 130% of the target bonus. The performance bonus is capped at 120% of base salary for CEO, 110% for EVP Sales & Marketing, 100% for EVPs and 80% for other executives.

At the end of the performance period, short-term bonuses shall be determined based on the level of KPI fulfillment. 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 the annual base salary and short-term incentives as described above, the senior executives are incentivized by a variable long-term bonus program (the LTI plan). This plan rewards clear, measurable performance targets, which are awarded at the end of the vesting period for the LTI plan, subject to the executives' current employment without a termination date. Such LTI awards shall give LTI Plan participants an interest in the Group aligned with the

shareholders, enhancing the proprietary and personal interest of such participants in the Group's continued success and progress, and motivate for outstanding performance and individual contributions towards a common long-term goal. This LTI Plan is also with the aim of helping to attract and retain employees. The value of the total yearly LTI plan is to be 80% of the annual base salary for the CEO and between 45% to 60% for other senior executives.

The LTI plan for the executives is split into two parts where 40% is composed of Restricted Stock Units (RSUs) and the remaining 60% is given as Performance shares (PSUs). The number of RSUs and PSUs granted depends on the share value at grant date. The RSUs and PSUs have a vesting period of three years and will be delivered to the employee once they have matured, subject to current employment without notice of resignation. The PSUs are in addition subject to KPI attainment. The payout level of PSUs will vary between 0%-200% depending on the KPI performance level. The KPIs tied to the LTI bonus plan are created to promote the long-term interest and sustainable development of the Group while supporting the business strategy.

The PSU related KPIs with their relative weighting for the 2025-2027 LTI plan are:

- Revenue Growth (45%)
- Relative Total Shareholder Returns (45%)
- ESG-linked objectives (10%)\*

\*The STI and the LTI plans have different ESG-linked objectives to incentivize according to both short- and long-term strategy

At the end of the performance period, an assessment is to be made to determine KPI fulfillment. This assessment shall be based on an evaluation of the KPIs as they are described in the LTI plan.

The LTI plan has a holding period requirement for shares. Until shareholding in the Group 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 eligibility to the 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 Group's business strategy, long-term interests, and value creation is established.

More detailed information on the Group's LTI plan can be found in the Group's Annual Report or the Group's Remuneration Report at [nordicsemi.com](http://nordicsemi.com).

### Pension and other benefits

All senior executives have a defined contribution pension plan. The main benefit is a pension contribution of 7% of salary up to 7.1 G (G is the National Insurance Basic Amount in Norway) and 18% of salary above 7.1 G. The pension benefits are considered very market competitive and 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 senior executives 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 mobile phone subscription.

### Severance pay

The CEO and the senior executives have agreed to a 6-month mutual resignation period. In the event of involuntary termination within 12 months following a potential merger or acquisition, severance pay equivalent to one year's base salary will be paid to the CEO and senior executives.

### Clawback clause

Incentive-based remuneration (short-term and long-term incentive programs) i.e., shares and payments, that have already been made to any of the Group's senior executives, are subject to clawback provisions. These provisions apply in situations of significant misconduct, the presence of self-evidently incorrect facts, or as a result of misleading information

supplied by the individual in question, where the senior executive knew or should have known about this. Enforcement of this provision is subject to local law.

### Deviations from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if there is a special cause in a specific case that serves the Group's long-term interests, including its sustainability, or ensures the Group's financial viability, which includes any resolutions to deviate from the guidelines.