

Notice of Annual General Meeting of AF Gruppen ASA

The Annual General Meeting of AF Gruppen ASA will be held on Wednesday 15 May 2019 at 10:30 CET 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 2018, 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 2018 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 2018 financial year	4
13	Nominating Committee instructions	5
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.	



AF Gruppen ASA has a share capital of NOK 4,987,304.50 made up of 99,746,090 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 132,703 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 16 May 2019. The dividend will be paid on 27 May 2019.

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 Monday 13 May 2019.

Registration for the Annual General Meeting must be in the company's hands no later than Monday 13 May 2019. 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 2018 Annual Report are available on the company's website: 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 2018 Annual Report may contact the company by email: firmapost@afgruppen.no

Oslo, 24 April 2019
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

Nominating Committee instructions

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Details of Items 7-9, 12 and 14-17 on the agenda:
Item 7 Adoption of annual accounts and annual report for 2018, 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 for the 1st half-year of 2019.

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 2018 financial year

The Nominating Committee proposes the following fees:

Chairman of the Board	NOK 495,000	(450,000)
Other Board members		
Shareholder-elected Board members	NOK 295,000	(225,000)
Employee-elected Board members	NOK 250,000	(195,000)
Committee Chairman		
Compensation Committee	NOK 75,000	(55,000)
Audit Committee	NOK 75,000	(75,000)
Committee members		
Compensation Committee	NOK 60,000	(40,000)
Audit Committee	NOK 60,000	(60,000)

Item 12 Determination of the Nominating Committee's fees for the 2018 financial year

The Board proposes the following annual fee for the Nomination Committee:

Chairman	NOK 50,000	(40,000)
Members	NOK 40,000	(35,000)

Item 14 Authority to the Board to purchase treasury shares

At the Annual General Meeting held on 9 May 2018, the Board was authorised to purchase treasury shares up until the Annual General Meeting in 2019, and in any case no later than 30 June 2019. The Board proposes that this authority be renewed until the Annual General Meeting in 2020, hence not beyond 30 June 2020.

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 498,730.45, 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. The Board may allot shares to new employees. 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 4,987,304.50 made up of 99,746,090 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 9 May 2018 and will apply until the date of the Annual General Meeting in 2020, although not after 30 June 2020.

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 2019.

As of today's date, the Company owns 132,703 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 2019.

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 2020, but not later than 30 June 2020.

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 149,619.14 (3% of the presently registered paid-in share capital) by issuing new shares. This authorisation is valid until the 2020 Annual General Meeting, but not later than 30 June 2020.

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 149,619.14. 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 2019 until and including the date of the Annual General Meeting in 2020, although not after 30 June 2020.

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.

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. In 2018 the Annual General Meeting authorised the Board to decide on the distribution of dividends for 2nd half-year. The Board will recommend to the Annual General Meeting to renew this authorisation for 2019.

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 2018.

This authorisation is valid until the 2020 Annual General Meeting, but not later than 30 June 2020.



Registration

for the

Annual General Meeting of AF Gruppen ASA on 15 May 2019

The undersigned, the holder of shares in AF Gruppen ASA, will attend the company's annual general meeting on 15 May 2019 at 10:30 CET.

place....., date /..... 2019

.....

Signature

.....

Name in block capitals

Registration must be in the company's hands no later than Monday 13 May 2019.

The registration form can be sent to the company by mail or by e-mail (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
(capital letters)

AF Gruppen ASA at the Annual General Meeting on **15 May 2019**.

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 – Chairman (re-election)			
10.5 Baumann, Arne (re-election)			
10.6 Digre, Kjetel (new)			
10.7 Alvendal, Kristina (new)			
11 Election of Nomination Committee, the recommendations of the Nomination Committee, together			
<i>Or individual votes:</i>			
11.1 Groth, Peter (re-election)			
11.2 Engeland, Roar (re-election)			
11.3 Johnsen, Marianne E. (re-election)			
11.4 Holth, Roy G. (re-election)			
12 Determination of the Nomination Committee's fees			
13 Nominating Committee instructions			
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.			

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 13 May 2019. (send by e-mail to: generalforsamling@afgruppen.no)

place....., date / 2019

.....
Signature

.....
Name in capital letters



Report from the Audit Committee 2018/2019

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

Hege Bømark (Chairman)
 Borghild Lunde
 Gunnar Bøyum

Company CFO Sverre Hærem participates at all Committee meetings.

The Company's auditor, Rita Granlund, or another auditor representative participated in all 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. The Audit Committee has reviewed the following matters:

- Account reporting:
 - Review of quarterly reports
 - Preliminary results for 2018
 - Annual accounts and annual report for 2018
 - Impairment test of intangible assets including AF AeronMollier
 - Evaluation and weighting of annual report
 - Tax – the year's income tax expense and current tax payable
- Audits
 - Audit plan 2018
 - Interim audit, including:
 - Project understanding, accounting management, risk management
 - Review of audit for 2018
 - Assessment of auditor's fees
 - Assessment of auditor's independence
- Internal control
 - Review of rules and regulations the audit committee must relate to
 - IFRS 15 – new revenue recognition standard
 - IFRS 16 – new leasing standard
 - Handling of the privacy regulations (GDPR)
 - Related party transactions
 - Innovation and the use of new technology in Group Finance
 - Tax policy and extended cooperation with Central Office - Company Tax Affairs

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

Oslo, 23 March 2019
 Hege Bømark



Report from the competence and compensation committee 2018/2019

The Company's Competence and Compensation Committee (CCC) is made up of three shareholder-elected board members.

- Pål Egil Rønn (Chairman)
- Kristian Holth
- Arne Baumann

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

The purpose of the Competence and Compensation Committee is to act as a preparatory body for the Board in matters that concern the evaluation and fixing of 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 Committee must follow up the group's overall work on competence and management development and provide advice on such matters, including management evaluations and succession planning.

The Committee's mandate is adopted by the Group Board and described in the "Mandate for the competence and compensation committee"

The Committee's work includes questions related to salary, bonus, options, severance pay, early retirement and retirement pension, as well as follow-up of the company's overall work on competence and management development.

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.
- Follow up the company's management development and succession planning and be a consultant on matters related to organizational development.

The Competence and Compensation Committee (CCC) has held five meetings since the Annual General Meeting on 9 May 2018. The following matters have been reviewed:

Review of the principles and framework for the bonus programme in AF Gruppen

- The committee has considered the assumptions for the model behind the bonus calculation for corporate management and executive employees, as well as the pros and cons of the model.
 - The main conclusion is that today's bonus programmes have had the desired effect in relation to the company's performance, and represent competitive terms for the employees in combination with a fixed salary. The committee believes that it is favourable for shareholders that a substantial part of the senior executives' compensation is a variable compensation directly linked to the company's value creation.
 - The guidelines and principles for calculating bonus in 2019 will for the most part be continued, but the committee has proposed a 4 % annual adjusting of the bonus rates for the Corporate Management
-



Team to reflect underlying expected market growth. The committee also proposes to adjust bonus rates to even out the effect of the new IFRS standard regarding leases.

Determination of the CEO's remuneration

- Determination of salary and bonus for the CEO in 2018. There was no increase in fixed salary for the CEO in 2018.
- Processing and approval of the CEO's bonus agreement for 2019. The bonus rate from 2019 is adjusted down by 4 % according to terms agreed upon for the Corporate Management Team.

Guidelines for compensation for the Corporate Management Team of AF in 2019

- Moderate fixed salary adjustment for the Corporate Management Team.
- Bonus rate for 2019 adjusted down by 4 % in line with abovementioned agreement.

Reviews regarding future employee share purchase programs

- In 2018 the committee has evaluated the company's share purchase program for employees.
- The main conclusion is that the program has been a major contributor to the high level of employee ownership. This has led to joint incentives for long-term value creation between employees and other shareholders.
- The committee will propose to the Annual General Meeting an unchanged volume of shares offered in the employee share purchase program, i.e. 1,000,000 shares.
- At the same time, the programme will be revised somewhat. Primarily to ensure that the program continues to recruit more new employees as company shareholders. Among the revisions is a reduced maximum subscription as well as a possible free allotment of 50 AF shares to new employees with a three-year lock-up period.
- The committee believes that the share purchase program for employees should be supported by an active buyback program so that the program may partially be carried out through treasury shares and not exclusively through issuing new shares.

Organization development and succession planning

- AF Gruppen is perceived as an attractive employer. The quality of recruitment that is carried out directly from schools and among experienced candidates is excellent.
- AF Gruppen has had a considerable growth in turnover in 2018 and the committee has a special focus on AF's ability to cultivate new hires and develop new generations of leaders. This is probably the most important focus area and the greatest risk factor in the coming years.
- For corporate management it is a clear priority to produce more women managers, and a separate workgroup has been established to develop specific measures for the company. The company experiences increasing interest from qualified female applicants and the share of women hired increased in 2018.
- Succession planning takes place at several levels in AF, and the overall talent pool of managers in the company is perceived as good. The model of recruiting senior managers internally works well and contributes to ensuring a continuation of a strong AF culture in the company.

Oslo, 12/04/2019

Pål Egil Rønne



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

- o 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.
- o The scope of the variable component of the remuneration depends on to what degree the defined economic targets are achieved.
- o The total remuneration that is offered shall be competitive in relation to comparable positions and the market.
- o 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

The Annual General Meeting 12 May 2017 approved a new option programme for employees. The maximum number of options that could be allotted was 3,500,000. Each option entitles the holder to purchase one AF Gruppen share. This options programme means that the Group's employees were given the opportunity to buy options in each of the years 2017, 2018 and 2019, and allotment started in June 2017. The Board has the authority to distribute options between different groups of employees.

The employees paid NOK 1.00 per option. The exercise price was set at the market value of the shares on the time of the subscription.

The exercise of the options will take place during the first quarter of 2020, at the Board's further decision. Exercising options and purchasing shares is conditional on the employee being employed by the Group as at 1 March 2020.

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 2018

Determination of the CEO's remuneration

The terms for the CEO were set by the Board of Directors. The remuneration paid in 2018 was in accordance with the agreements entered into, and a bonus was paid for the 2017 financial year in addition to the salaries for 2018.

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 2018 was in accordance with the agreements entered into. A bonus was paid for the 2017 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 2018

There have been no changes in the compensation schemes in 2018, which differ from 2017.

4. Guidelines for the determination of fixed pay and other remuneration for 2019

The determination of fixed pay will follow the same principles in 2019 as in 2018.

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, 15 May 2019

1. Instructions to the Nomination Committee

No instructions to the Nomination Committee are available. Such an instruction ensures the company's owners that the work of the Nomination Committee adheres to good procedures, and that it is an appropriate tool for the committee itself. The accompanying proposal is based on approved instructions for other well-established Norwegian publicly traded companies.

Proposal for adoption: The Annual General Assembly approves "Instructions to the Nomination Committee".

2. Expansion of the Board and the election of shareholder-elected Board members

The Nomination Committee's work following its election at last year's Annual General Assembly has been organised in 3 phases:

- A learning period until October 2018. Internally, all the company's Board members, including the Board Chairman, as well as the CEO, were interviewed. The principal owners were consulted, and some external ones with greater insight into the market were interviewed.
- A decision-making period until November 2019. After repeated deliberations, it was decided what type of competence the Board should be supplemented with, and the profiles that relevant candidates should have.
- A selection period during which a "head-hunting company" has assisted the committee in finding, evaluating and selecting candidates for recommendation to the AGM.

After the learning period it became apparent to the Nomination Committee that AF Gruppen has a very competent and skilled Board, with quality at all stages. It also became apparent that there were in particular two relatively recent developments in the company's environment and in the company's development that made it desirable to complement the Board's current competence:

- The Norwegian construction market has evolved towards much larger and more complex projects, mainly based on turnkey contracts. Given that these are project sizes and contractual forms of which we have little experience from land-based civil engineering, it makes sense to search for such expertise in offshore operations.
- Over the last few years, AF Gruppen has established a major construction business in Sweden. It therefore seems appropriate to draw on relevant competence from this market.

According to section 5 of the Company's Articles of Association, the Board of Directors of AF Gruppen shall have 4–10 members. Last year, the Board has had 5 shareholder-elected members, 1 permanent shareholder-elected alternate member and 3 employee-elected members. One permanent shareholder-elected alternate member is no longer a normal construction. Equally important, as the company grows and enters several demanding segments, project sizes increase and contract forms change, the need for greater competence in the company's Board also increases.

Based on the above, therefore, the Nomination Committee recommends that the shareholder-elected part of the Board should be expanded from the current 5 shareholder-elected members and 1 attending alternate member to 7 shareholder-elected members. This means that the number of attending Board members is increased by 1 person, since no recommendation is made for the election of alternate members.

The current 5 Board members are considered as very competent, and are recommended for re-election (shareholder-elected Board members are up for election every year).

To complement the board with the 2 desired competencies, the Nomination Committee recommends election of the following 2 new Board members:



Kjetel Digre (49): With the election of Kjetel Digre to AF Gruppen's Board, the company gains one of Norway's most competent project experts. He has a long career of major offshore projects. Kjetel has been responsible for some of the biggest projects of our time with good results. He has a long and good senior management career.

Kjetel Digre's CV can be briefly summarised as follows:

Now	Very relevant line position: SVP Operations Aker BP Has during the last year worked on digitalisation of the Norwegian Continental Shelf
Last 10 years	Heavy project management positions with result- and personnel responsibilities Heaviest: Led the development and operation of Johan Sverdrup for 5 years
Before that	10 years of line management positions Heaviest: Led the Gjøa project for 5 years 5 years as project engineer
Education	MSc Subsea Engineering with Distinction, Herriot-Watt 1992

Kristina Alvendal (47): Kristina Alvendal will add important competence on two main areas to AF Gruppen's Board: Large property development projects as a private stakeholder, and political knowledge as a central Swedish politician of many years with responsibility for large city development projects. She has a very broad national network within Swedish politics and real estate business.

Her CV can be briefly summarised as follows:

Now	CEO and owner of property development companies. Heavy directorships
Last 10 years	Planning and development of large property projects Heaviest: CEO of Airport City Stockholm AB, responsible for the development of Arlanda as Sweden's first «Airport City»
Before that	Long political career in Stockholm Heaviest: Deputy mayor in Stockholm responsible for city and property development Different political positions as well as communication positions
Education	Lawyer, specialized in English law.

With the re-election of 5 Board members and the new election of 2, the Board will achieve a good balance between continuity and new inspiration.

Proposal for adoption: The Annual General Meeting approves the following persons to constitute the company's shareholder-elected part of the board:

• Pål Egil Rønn, Board Chairman	Re-elected, 3 years on Board
• Borghild Lund	Re-elected, 4 years on Board
• Arne Baumann	Re-elected, 1 year on Board
• Hege Bømark	Re-elected, 7 years on Board
• Kristian Holth	Re-elected, 4 years on Board
• Kjetel Digre	Newly elected
• Kristina Alvendal	Newly elected



3. Remuneration for the Board and Nominating Committee

The Nomination Committee has asked the "Headhunter company" to assess the level of the AF Gruppen's Directors' fees for shareholder-elected Board members. The conclusion is that the company's level is low compared to relevant parts of the market.

Historically, large portions of the Company's Board representatives have been obtained from the ownership of AF. It is therefore natural that the fees have been on the lower side. As the Company grows and has to obtain and compete for Board members from a broader competence base, including from abroad, it seems appropriate that the fees are set at an average level for relevant Norwegian listed companies.

It is recommended that the fees for employee-elected Board members be increased by the same percentage as that of the shareholder-elected members.

The Nomination Committee therefore proposes the following Board- and Committee fees:

Chairman	:	NOK 495,000	(450,000)
Other Board members			
shareholder-elected	:	NOK 295,000	(225,000)
employee-elected	:	NOK 250,000	(195,000)
Committee members			
Compensation Committee**	:	NOK 60,000	(40,000)
Audit Committee*	:	NOK 60,000	(60,000)
Committee Chairman			
Compensation Committee**	:	NOK 75,000	(55,000)
Audit Committee*	:	NOK 75,000	(75,000)

* Proposed not raised this year, given that the underlying Directors' fees are increased. But should be considered to be increased over time, since the Committee lies at the lower end.

** Proposed increased to reflect that this Committee with new tasks and responsibilities should be put on the same footing as the Audit Committee.

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

Chairman of the Nominating Committee:	NOK 50,000	(40,000)
Members of the Nominating Committee:	NOK 40,000	(35,000)

Proposal for adoption: The Annual General Meeting adopts the fees as proposed.



4. Election of members to the Nomination Committee

After consultation with major shareholders, it is proposed that all members of the Nomination Committee should be re-elected.

Proposal for adoption: The Annual General Meeting approves the following persons to constitute the company's Nomination Committee:

- | | | |
|---|-----------------------------------|--|
| • | Roar Engeland, Committee Chairman | Re-elected, 1 year on the Committee |
| • | Roy Holth | Re-elected, 1 year on the Committee |
| • | Marianne Johnsen | Re-elected, 1 year on the Committee |
| • | Peter Groth | Re-elected, 2 years on the Committee and before that 10 years on the Board |

Oslo, 24/04/2019

Roar Engeland
Chair

Roy Holth

Marianne Johnsen

Peter Groth

**Instructions for the Nomination Committee in AF Gruppen ASA**

Established by the General Assembly of AF Gruppen 15 May 2019.

1. Mandate

Pursuant to section 7 of the Articles of Association of AF Gruppen ASA (hereinafter referred to as the "Company") the Nomination Committee shall propose to the General Assembly:

- Election of shareholder-elected Board members and any alternate Board members, including proposing the Chairman of the Board.
- Directors' fees.

In addition, the Nomination Committee can comment on and, if necessary, make proposals to the General Assembly regarding the size, composition and working methods of the Board.

2. The Nomination Committee's composition, election and remuneration

Pursuant to section 7 of the company's articles of association, the Nomination Committee shall have a minimum of 3 members.

The General Assembly elects members and the chairman, according to the recommendation of the Nomination Committee and based on the advice of the major owners. All members are elected for one year at a time.

The General Assembly establishes the remuneration of the Nomination Committee according to recommendation from the Board. The Committee's expenses are covered by the company.

3. Case management procedures

Meetings of the Nomination Committee are held following notice by the Committee's chairman. Meetings are held as often as the Committee's chairman finds necessary.

The work begins in early autumn, with meetings with shareholder-elected Board members, alternate members and the CEO. If the Nomination Committee has a need for more information, the Chairman of the Board is requested to integrate the information needs of the Nomination Committee into the Board's own evaluation.

It is intended that the Committee will have concluded during November whether new competence should be sought for the Board of Directors for recommendation to the General Assembly in the spring. This is to allow sufficient time to search for candidates.

However, the Chairman of the Nomination Committee maintains a dialogue with the CEO and the Chairman of the Board, so that these shall have no determining influence on the Nomination Committee's proposed candidates for the Board. Furthermore, the Nomination Committee may contact all the Board members in its work.

In addition to the Board and the CEO, the Nomination Committee shall ask major shareholders for their views before the final recommendation of candidates for the Board is completed, and their recommendation established.

A decision by the Nomination Committee requires a majority vote. With parity of votes, the Chairman of the Committee has a double vote.

Further information on the nomination of candidates to the Board and Nomination Committee of AF Gruppen

The Nomination Committee, based on its analysis of the Board's need for competence, shall



search for and recommend candidates that fill the Board's needs, both individually and as a collegiate, so that the Board as a whole can protect the interests of the company and its shareholders in the best possible way. Consideration should further be given to regulatory requirements, general guidelines for good Board composition and an appropriate age composition.

Before a candidate is proposed, the person must have confirmed to the Nomination Committee that he/she will undertake the assignment if elected.

The recommendation to the General Assembly shall include:

- How the Committee has worked, including the number of meetings.
- The analysis that forms the basis of the Nomination Committee's recommendation
- Which Board members are proposed for re-election and why (competence as well as how many years they have been on the Board)

For each new candidate that is recommended:

- Name and age
- Education
- Current position and main previous professional experience, results attained
- Current directorships
- Vested interests and suitability
- The main competence justifications for the proposed candidate
- Any other special conditions
- That the candidate has confirmed that he/she will undertake the duty if is elected

Recommendation of candidates to the Nomination Committee is done after consultation with the company's main shareholders.

The Nomination Committee's recommendation for Board candidates, directors' fees, and candidates to the Nomination Committee shall be released early enough to be sent to shareholders along with the notice of the relevant General Assembly.

The Chairman of the Nomination Committee, or that of the Committee's members authorised by him, shall be present at the General Assembly and account for the Committee's recommendation.

The Committee shall ensure that Board members who are not proposed for re-election and interviewed candidates who are not recommended, will receive a relevant and factual justification for this.

4. Duty of Confidentiality

The members of the Nomination Committee have a duty of confidentiality in relation to all information received in connection with their duty as a committee member. It should be ensured that all information is stored in a secure manner and in accordance with applicable law.