

# **POLICY ON STAFFING AND COMPENSATION**

## 1 INTRODUCTION

This document sets out NCR's policy (the "**Policy**") on:

- (i) in section 3 on whistleblowing, reporting of any situations where a Relevant Person has (i) concerns about censurable conditions at NCR or (ii) considers that any other Relevant Person has engaged in conduct that he or she considers illegal, by defining the procedures that shall be complied with by the Relevant Person;
- (ii) in section 4 on compensation and performance evaluation, the compensation and performance evaluation practices for Relevant Persons;
- (iii) in section 5 on training and development of staff, the training and development of the Relevant Persons, including any examination or other type of formal assessment required for the conduct of Credit Rating Activities;
- (iv) in section 6 on the risk of over-reliance on individual Employees, the measures in place to mitigate the risk of over-reliance on individual Employees; and
- (v) in section 7 on termination of employment, the arrangements in place when a Relevant Person terminates his or her employment and joins a Rated Entity and the arrangements in place to ensure that the Relevant Persons are aware of the prohibition for Relevant Persons and their Close Associates to take up key management positions with a Rated Entity or Related Third Party.

For defined terms used in this Policy, please see NCR Defined Terms Glossary made available on NCR's website and intranet.

This policy is approved by the Board of Directors.

## 2 APPLICABILITY

Unless specifically indicated otherwise, this Policy applies to Analysts, persons approving Credit Ratings (i.e. the members of the Credit Rating Committee), Senior Management, the Compliance Officer and any other Employees and other natural person whose services are placed at NCR's disposal or under NCR's control (each, a "**Relevant Person**").

The contents of the Policy and any future updates or changes are published and made available on NCR's intranet.

As to compliance with this Policy and reporting of material breaches to ESMA, please confer the procedures regarding the Compliance Function set out in the *policy on Organisation of Material Functions*.

## 3 WHISTLEBLOWING

The following procedure is established in cooperation with the Employees of NCR, as required by applicable law, including the Norwegian Working Environment Act:

Where a Relevant Person has (i) concerns about censurable conditions at NCR (whatever the nature of such concerns) or (ii) considers that any other Relevant Person has engaged in conduct that he or she considers illegal, the Relevant Person is encouraged to raise his or her concern by contacting the Compliance Officer.

If the Relevant Person's concerns mentioned above relates to the Compliance Function and/or Compliance Officer, the Relevant Person is encouraged to raise his or her concern by contacting the Independent Board Members.

The notification will only be received and read by the Compliance Officer or the Independent Board Members (as applicable), who will then consider the next applicable steps, depending on the nature of the concerns.

There will be no negative consequences for any person who raise his or her concern with the Compliance Officer or the Independent Board Members in good faith, provided the person who reports reasonably believes the information disclosed, and any allegation contained in it, are substantially true.

## **4 COMPENSATION AND PERFORMANCE EVALUATION**

### **4.1 Introduction**

In order to avoid conflicts of interest, the compensation of certain persons involved in Credit Rating Activities or control activities should not depend on the business performance of NCR or the amount of revenue that NCR derives from the Rated Entities or Related Third Parties. NCR acknowledges that this is important means of removing incentives between commercial activities and the Credit Rating Activities for the avoidance of potential conflicts of interest. At the same time, NCR acknowledges that variable remuneration is a normal way of compensation in the financial service industry and that variable remuneration may constitute an important factor in order to recruit Employees with sufficient knowledge and experience in certain positions.

### **4.2 Compensation and performance evaluation practices for Analysts, Chief Rating Officer and persons approving Credit Ratings or Rating Outlooks (i.e. members of the Credit Rating Committee)**

Analysts, Chief Rating Officer and other Employees directly involved in the Credit Rating Activities may receive variable compensation in addition to their fixed compensation.

The fixed compensation is determined on the basis of the role and position of the individual Employee, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. and is further set out in each individual employment agreement.

The CEO and the Chief Rating Officer shall suggest the amount of variable remuneration for each of the Analysts and the CEO shall suggest the amount of variable remuneration for the Chief Rating Officer, while the Board of Directors determines the amount to be granted (if any). The variable compensation for analytical employees shall not be contingent on the amount of revenue that NCR derives from the Rated Entities or Related Third Parties. The compensation and performance evaluation shall be contingent on their personal performance.

### **4.3 Compensation and performance evaluation practices for the CEO**

The CEO may receive variable compensation in addition to his or her fixed compensation.

The CEO's fixed compensation is determined on the basis of the role and position of his or her professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. and is further set out in his or her individual employment agreement.

The Board of Directors determines the amount of variable remuneration (if any) to be granted to the CEO. The variable compensation and performance evaluation shall be contingent on, *inter alia*, the CEO's personal performance.

### **4.4 Compensation and performance evaluation practices for the Board Members**

The Board Members of NCR, including the Independent Board Members, shall not receive any form of variable compensation in addition to their fixed compensation.

Their fixed compensation is determined on, *inter alia*, (i) the basis of their responsibilities, (ii) the number of times the Board Members are expected to allocate to discharge their obligations as Board Members, (iii) the number of times the individual Board Member in fact participates in meetings of the Board of Directors and (iv) local market conditions, etc. The fixed compensation shall not be linked to the business performance of NCR and shall be arranged so as to ensure the independence of their judgement. The nomination committee shall suggest remuneration of the Board Members and NCR's General Meeting determines their remuneration.

#### **4.5 Compensation and performance evaluation practices for the Compliance and Risk Officer and the Review Officer**

The Compliance and Risk Officer and Review Officer may not receive variable compensation in addition to his or her fixed compensation.

The Compliance and Risk Officer's and Review Officer's fixed compensation is determined on the basis of the role and position of the individual employee, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. and is further set out in his or her individual employment agreement. The compensation may not be linked to the business performance of NCR and is arranged to ensure the independence of his or her judgement.

#### **4.6 Compensation to any other Employees and other natural person whose services are placed at NCR's disposal or under NCR's control**

Any other Employees and other natural person whose services are placed at NCR's disposal or under NCR's control, not referred to in section above, may, as a point of departure, receive variable compensation in addition to his or her fixed compensation.

The fixed compensation is determined based on the role and position of the individual Employee, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. and further set out in the individual employment agreement.

The CEO and Chief Rating Officer shall suggest the amount of variable remuneration for the individual Employee and the Board of Directors determines the amount (if any) to be granted. The variable compensation and performance evaluation shall be contingent on, *inter alia*, the individual Employee's personal performance.

#### **4.7 Review**

The Compliance Function and the Internal Audit should conduct formal and periodic reviews, at least annually, of the compensation and performance evaluation practices for each Relevant Person.

### **5 TRAINING AND DEVELOPMENT OF STAFF**

#### **5.1 Introduction**

NCR is committed to developing a strong learning culture, in which everyone can achieve their full potential, and which will increase job satisfaction and support career development. As such, NCR is committed to providing training and development opportunities for its staff, which meet the operational and strategic objectives of NCR, as well as individuals' own learning aspirations and needs. The CEO shall ensure that the Relevant Persons have appropriate knowledge and experience for the duties assigned.

#### **5.2 General requirements**

The Compliance Officer shall assist the CEO and the Chief Rating Officer in conducting ongoing and annual training on policies and regulatory matters of all Relevant Persons,

including, for the avoidance of doubt, training on the business continuity management of NCR as further described in *policy on Organisation of Material Functions* on continuity and regularity of activities.

The annual training shall be conducted in compliance with a compliance plan to be agreed and reviewed annually by the Compliance Officer and the CEO.

All Relevant Persons shall as soon as possible after commencing their work for NCR participate in an introductory seminar conducted by the Compliance Officer where they are introduced to the relevant polices and regulatory matters applicable to the operations of NCR.

The Relevant Persons shall at least once a year participate in a seminar conducted by the Compliance Officer where the Relevant Persons are introduced and updated (as applicable) to the relevant polices and regulatory matters applicable to the Credit Rating Process in NCR. Relevant Persons shall sign a yearly Code of Conduct certification indicating their compliance and knowledge of applicable internal and external requirements.

The Independent Board Members annual trainings that cover roles, responsibilities, processes, steering documents, and the control and reporting obligations. The program will safeguard that the Independent Board Members can carry out their duties in compliance with internal and external rules and instructions. The introductory program will be conducted with the Independent Board Members covering the following areas:

- **Roles and responsibilities:** Overview of all relevant roles in NCR, and descriptions of all related responsibilities, where ownership of processes, risks, controls, and other relevant areas are covered.
- **Processes:** Relevant business processes will be presented to better structure the monitoring work of the Independent Board Members.
- **Steering documents:** Steering documents relating to NCR's operations will be presented in order to better structure the monitoring work of the Independent Board Members.
- **Controls and reporting:** Relevant controls and reporting process will be presented relating to both internal and external requirements. The presentation will include the reporting format from the Independent Board Members.

Further, the Independent Board Members will conduct ongoing training on a semi-annual basis to ensure that they stay up to date with regulatory updates. The training will be held and monitored by the Compliance Officer.

### **5.3 Examination or other types of formal assessment required for the conduct of Credit Rating Activities**

The Compliance Officer shall conduct ongoing assessments of whether any examination or other type of formal assessment is required for the conduct of Credit Rating Activities, and if relevant, the content of such examination or other types of formal assessment.

In addition to the above, the Compliance Officer and the CEO shall both conduct ongoing reviews of the need for additional training and development of current Employees and the need for additional staff.

## 6 THE RISK OF OVER-RELIANCE ON INDIVIDUAL EMPLOYEES

### 6.1 Introduction

NCR acknowledges the importance of having measures in place to mitigate the risk of over-reliance on individual Employees in NCR. The description in the section below should be read in conjunction with the *policy on Organisation of material functions*.

### 6.2 Description of the measures in place to mitigate the risk of over-reliance on individual Employees

The CEO shall on an ongoing basis assess the risk related to NCR's reliance on individual Employees and the risk facing NCR if such Employees were to terminate their employment or in any other way not be able to perform their tasks (due to illness or other unforeseen events).

The risk assessment must *inter alia* consider (i) the importance of the relevant Employees for the ongoing performance of NCR's services, (ii) the degree of specialization of the relevant Employees and (iii) the possibility to replace the required competence of such Employees within a short timeframe to ensure continuity of services in NCR.

If such replacement risk is deemed material, the CEO shall take appropriate action to mitigate the risk, including, but not necessarily limited to, (i) include notice periods in employment contracts with the relevant Employees that exceed market practice (within statutory limits), (ii) identify possible replacement personnel that can be approached to replace the relevant Employees if required in an emergency situation and (iii) ensure that all critical work process of the relevant Employees are described in detailed routines and/or procedures.

As a general remark, NCR acknowledges the negative consequences of not being able to perform a Rating Action due to the lack of capacity and has, *inter alia*, described further procedures regarding continuity in the *policy on Organisation of material functions*.

## 7 TERMINATION OF EMPLOYMENT

### 7.1 Introduction

NCR acknowledges the importance of having procedures in place when a Relevant Person terminates his or her employment and joins a Rated Entity and the importance of having arrangements in place to ensure that the Relevant Persons are aware of the prohibition for Relevant Persons and their Close Associates to take up key management positions with a Rated Entity or Related Third Party.

Certain of the obligations below in this section are also applicable for Persons Closely Associated with a Relevant Person.

### 7.2 Arrangements in place to ensure that NCR is informed when a Relevant Person terminates his or her employment and joins a Rated Entity

If a Relevant Person terminates his or her employment, the Relevant Person must deliver its notice of resignation to the Chief Rating Officer with a copy to the CEO, together with a description of the entity in which the Relevant Person will start working, if relevant.

### 7.3 Arrangements in place when a Relevant Person terminates his or her employment and joins a Rated Entity

Where a Relevant Person terminates his or her employment with NCR and joins a Rated Entity, which he or she has been involved in rating, or a financial firm (i.e. underwriters or investment firms), with which he or she has had dealings as part of his or her duties at NCR, NCR shall review the relevant work of the Relevant Person over two years preceding his or her departure.

The review shall be performed by the Compliance Function as soon as possible after the Relevant Person has delivered its notice of resignation as described in section 7.2 above.

The Relevant Person may not participate in the rating activities of NCR relating to the Rated Entity, which he or she is to join, or the financial firm (as mentioned above), which he or she is to join, after delivering its notice of resignation as described in section 7.2 above.

**7.4 Arrangements in place to ensure that the Relevant Persons and Persons Closely Associated are aware of the prohibition to take up key management positions with a Rated Entity or Related Third Party**

Relevant Persons and Persons Closely Associated with a Relevant Person shall not take up a key management position with the Rated Entity or a Related Third Party within six months of the issuing of a Credit Rating or rating outlook.

A Related Third Party means the originator, arranger, sponsor, servicer or any other party that interacts with NCR on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.

Relevant Persons shall accept this restriction in writing upon joining NCR, inform its Closely Associated Persons about the prohibition and shall also be reminded of the prohibition by the Compliance Officer on the annual seminars on procedures and regulatory matters held by the Compliance Officer for all Employees in NCR.