

Zalaris Executive Remuneration Policy

In accordance with the Public Limited Companies Act § 6-16a, the Board of Directors has prepared the following declaration on guidelines and main principles for the stipulation of salaries and other remuneration for the CEO and other senior management. The declaration was approved by the board of directors on 9 March 2016 and will be presented to the Annual General Meeting of Zalaris ASA on 13 May 2016 for an advisory vote, other than sections 2.3 and 2.4 which will have to be approved.

1 Main Principles for Zalaris' Remuneration Policy

The Group's development is closely linked to its ability to recruit and retain senior executives. Executives are remunerated at market terms. Remuneration varies over time both in level and methodology.

In addition to salary, the Group uses performance-related and personal bonus that typically vary from 10% to 30% of annual salary, lump-sum payments, leave arrangements, education opportunities and option agreements.

The Group has collective pension schemes.

The Board represented by the remuneration committee shall conduct an annual evaluation of the agreement terms with the Group CEO. Remuneration to other members of the Group executive management is evaluated and settled by the CEO. Remuneration is reviewed annually, but is assessed over several years in order to keep continuity.

The decision-making process for implementing or changing remuneration policies and concepts for the executive management is in accordance with the Norwegian Public Limited Liability Companies Act sections 5-6 and 6-16 a and the instructions of the Board of Directors of Zalaris adopted on 5th of May 2014.

2 Principles of Remuneration to Executive Management

2.1 Base Salary

Management salaries shall be competitive and reflect local market conditions as Zalaris wants to attract and retain attractive leaders.

The basic salary shall normally be the main element of managers' salaries and thus differentiate on the basis of the scope of work, responsibility and performance.

A limitation of the total salary level to management has not been defined. However significant and structural changes shall be approved by the remuneration committee.

Management positions are not paid overtime as compensation for overtime is included in the fixed salary.

2.2 Bonus Program

The bonus program in Zalaris has been designed to motivate managers to strive for continuous improvement of the business and its results and to align with the interest of shareholders.

The bonus scheme for management positions is based on reaching two main categories of targets:

- 1) Reaching overall company EBIT % target and;
- 2) Reaching individual goals that have been defined and documented. Typically up to five individual goals are defined with weighting decided in a mutual discussion between the CEO and each group manager. Typical individual goals include reaching target contribution margin for own business units, meeting customer satisfaction targets, improving employee satisfaction etc. Goals are defined and followed up in Zalaris' SuccessFactors solution.

Executive Management Share Purchase Program and Ownership of Zalaris Shares

2.3 Share Ownership for all employees

Zalaris encourage employees to own shares in Zalaris. The company shall aim at offering annual share purchase programs that will offer employees and management to purchase discounted shares within the limits of the tax free limits.

2.4 Share Purchase Program for executive management

As of 31.12.2015 Zalaris has neither a share purchase program nor a stock option program for executive management. However the Board of Directors proposes to implement a share program combined with allocation of restricted stock units for the executive management in 2016. A program was developed and externally benchmarked in 2015 together with advisor Equatex Norge AS. The program was approved by the Board of Directors on 9 March 2016.

The key parameters of the proposed share purchase program for executives including a matching with restricted stock units are as follows:

Eligibility:	Executive management
Frequency:	Two allocations of shares subject to be matched by executives own purchase of shares: <ul style="list-style-type: none"> • Allocation 1: May 2016 • Allocation 2: January 2017 with share purchase after Q4 presentation in February 2017, aligned with company insider regulations
Principle for allocation:	Allocation to be made on the basis of tenure, perceived value for company and reaching of individual targets:
Allocation of Restricted Stock Units (RSU) subject to Executive still employed at vesting date and holding required number of shares	Allocation 1: 200'000 shares Allocation 2: 100'000 shares Total: 300'000 shares
Matching requirement (i.e.) the number of shares needed to be hold by the executive at the vesting date to receive the matching shares:	Allocation 1: 1/12 x of allocation (8,3%) – i.e. a total of 16'600 shares Allocation 2: 1 x of allocation (100%) – i.e. a total of 100'000 shares
Vesting:	Allocation 1: 60 months from date of allocation Allocation 2: 60 months from date of allocation

2.5 Severance Schemes

The Group has limited use of severance payments. However, it does not preclude the use of this if it seems appropriate. No current agreements include allowance for more than six months base salary. Any use of severance payments is restricted and requires approval.

2.6 Fringe Benefits

Managers will receive benefits that are common for similar positions. Normal benefits include mobile phone and broadband. Zalaris actively work to avoid benefits that have a residual cost in the event an employee leaves – as company cars.

There are no particular limitations on the type benefits that can be agreed. However, Zalaris seeks to limit the number of benefits to simplify our internal processes and visualize total compensation through the fixed salary.

2.7 Pensions

Pension for executive management employed in the Norwegian entities

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on mandatory occupational pension (“lov om obligatorisk tjenestepensjon”). The Group’s pension schemes satisfy the requirements of this law, and represent a defined contribution plan, with disability coverage.

Pension for executive management employed in entities outside Norway

Pension levels and arrangements for managers outside must be seen in the context of the individual’s total wage and employment conditions, and shall be comparable to the total compensation package offered executive management in Norway. Local rules related to pension legislation, social security rights, tax etc. is taken into account when deciding the individual pension schemes.

3 Procedures for Determination of Remuneration to Executive Management

3.1 Remuneration to the CEO

Remuneration to the CEO is determined annually by the Remuneration Committee authorized by the board.

The CEO does neither participate in a stock option program nor a share purchase program per end of FY 2015.

3.2 Remuneration to the Group Executive Management

Remuneration to the individual members of the executive management group is determined by the CEO.

Prior to settlement, the CEO shall discuss proposed changes with the Remuneration Committee. The Board will be informed about agreed changes in remuneration.

Arrangements that include allocation of shares, options and other forms of remuneration linked to The Groups shares shall be approved by the General Assembly. Within the framework of resolution set by the General Assembly, the Board shall decide on the process of implementing the new remuneration scheme. The Board may also delegate such authority to the CEO.

The increase in the base salaries to the Group Executive Management is expected to be moderate.

3.3 Remuneration to the Board of Directors

Remuneration to the Board of Directors is not performance based.

Board members are neither part of a stock option program nor a share purchase program in Zalaris.

Remuneration of the Board for the coming year is determined by the General Assembly, based on a proposal from the Nominating Committee.

3.4 Remuneration to Executive Management in Subsidiaries of Zalaris ASA

All subsidiaries of Zalaris ASA shall follow the main principles of the Groups executive remuneration policy for executive management in each company as described in the preceding sections of this Executive remuneration policy.

The increase in the base salaries to executive management in subsidiaries is expected to be moderate.

4 Principles of Disclosing Remuneration Information

The board's statement regarding remuneration including information about remuneration paid to members of the executive management shall be presented in Zalaris' consolidated financial statements, note 19.

5 Execution of Remuneration Policy

5.1 Execution of remuneration Policy in 2015

The company's remuneration of the CEO and senior management is conducted in accordance with the guidelines presented above. There are no significant new agreements or changes in remuneration agreements that have been signed in 2015.

According to the guidelines for remuneration in 2015 and based on assessments of both share purchase and stock option programs, a share purchase program has been developed in 2015. The program is described under section 2.4 and Board of Directors proposes to implement the program after decision in annual general meeting in May 2016.

5.2 Binding guidelines for remuneration in 2016

For 2016, the Board of Director's proposes to continue the existing remuneration policy.