

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 23 April 2018 and will be presented to the Annual General Meeting of Zalaris ASA on 15 May 2018 for an advisory vote.

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 and reviewed by the remuneration committee. Remuneration is reviewed annually, but is assessed over several years to maintain 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, fair 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 based on 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.

3. Executive Management Share Purchase Program and Ownership of Zalaris Shares

3.1. Share Purchase Program for all employees

Zalaris encourage employees to own shares in Zalaris. To support The Board of Directors propose to the Generashall 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.

3.2. Share Purchase Program for executive management

3.2.1. 2016 Program

As of 31.12.2017 Zalaris has a share purchase program for executive management in accordance with the share program approved by the Board of Directors on 9 March 2016 and by the General Assembly on 16 May 2017. The key parameters of the approved and implemented 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 executive's own purchase of shares: <ul style="list-style-type: none">• Allocation 1: November 2016• Allocation 2: During first six months of 2017
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	Allocation 1: 199'935 shares Allocation 2: 100'065 shares Total: 300'000 shares

and holding required number of 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 16'661 shares Allocation 2: 1 x of allocation (100%) – i.e. a total of 100'000 shares
Vesting:	Allocation 1: 60 months from 30 May 2016 Allocation 2: 60 months from date of allocation

3.2.2. 2018 Program – to be proposed for approval of the Ordinary Annual General Assembly

The Board of Directors decided on 23 April to recommend to the Ordinary 2018 General Assembly to approve the following three equity based programs that will affect executives and key personnel.

3.2.2.1. Share Purchase with 20% Discount to All employees

Eligibility:	All employees
Rationale:	Incentivize employees to own Zalaris shares to create additional engagement, focus on company goals and long-term focus.
Frequency:	Once per year – to be completed in Q3 2018
Principle for allocation:	All permanent employees that have been employed at least 6 months with the company are eligible to purchase up to NOK 15'000 of shares with 20% discount based on average market price 2 weeks before offering date. The program is in accordance with the Norwegian Tax regulation for tax free discounts.
Restrictions:	The employee shall not be allowed to sell the shares within 12 months from the purchase date.
Impact:	If all (approx. 810) employees decided to participate in the program the total number of shares that would be issued would be valued at NOK 12,15 million and at a share price of NOK 50 would equal to 277'165 shares or 1,21 % of the current outstanding total number of shares. The total value of the discount would be approx. NOK 2,43 million which is approximately 0.8% of the Zalaris Group's total personnel expenses. The discount is tax free for Norwegian employees and do not trigger employer/social security tax.

3.2.2.2. *Share Purchase with 20% Discount to Executive Management and Key Employees*

Eligibility:	Executive Management and Key Employees
Rationale:	Incentivize management and key employees to invest part of performance based bonus to Zalaris share ownership with the goal to create additional engagement and long-term focus on company goals
Frequency:	Three-year program to be completed in Q3 each year.
Principle for allocation:	Executive Management and Key Employees eligible to purchase up to 50% of Net Bonus after Tax of shares with 20% discount based on average market price 2 weeks before offering date.
Restrictions:	The Manager shall not be allowed to sell the shares within 36 months from the purchase date.
Impact:	<p>If all eligible managers decide to participate in the program in full the maximum value of shares to be issued is estimated at NOK 8,5 million and at a share price of NOK 50 would equal to 170'823 shares or 0,85% of the current outstanding total number of shares.</p> <p>The total value of the discount would be approx. NOK 1,7 million which is estimated at 2,8% of the eligible groups total fixed salary.</p> <p>The discount is taxable as income tax and will trigger employer/social security tax of 14,1% in Norway.</p> <p>Note: Eligibility is performance based as performance based bonus (company and individual targets) will be the basis for maximum amount that can be purchased.</p>

3.2.2.3.

Option Scheme to Executive Management and Key Employees

Eligibility:	Executive Management and Key Employees
Rationale:	Incentivize management and key employees to stay with company and focus on long term shareholder value creation
Frequency:	Three-year program to be completed in Q4 each year.
Principle for allocation:	<p>Executive Management and Key Employees granted options on the basis own performance based gross bonus as % of total group gross bonus for eligible managers and key employees for the year (allocation %). Number of options to be granted equal to allocation% * total number of options to be granted for the Zalaris Group that year</p> <p>Strike price for options to be set at on average market price 2 weeks before offering date to be increased with 1% monthly. i.e. strike price for an option with shares valued at NOK 50 at the offering date would be NOK 70,8</p> <p>Max number of options of the program to be limited to 400'000 options per year (approx. 2% of outstanding shares) with a total number of options equal to 1'200'000 (approx. 6% of the outstanding shares) for the three-year program.</p>
Restrictions:	Options to vest 60% after 36 months and 100% after 60 months and be subject to good leaver/bad leaver clause. Change of control not to affect vesting.
Impact:	<p>Examples below are based on a base share price of NOK 50 at offering date.</p> <p>The IFRS 2 cost for the company has been estimated at NOK 5,5 per option per year. I.e. a total of NOK 2,2 million per tranche of NOK 400'000 options per year.</p> <p>The options will trigger income tax for the receiver and social security tax for the company.</p> <p>Scenarios:</p> <p>Worst case: Share price development < 1% per month – i.e. share price less than NOK 70,83 after 36 months – no payout. Not cost and no gain.</p> <p>Medium: Share price doubles in 36 months. NOK 29 value per Option equals NOK 14,1 million value for the receiver with approximately NOK 2 mill social security tax for the company. The total value of the receiver equals approximately 25% of gross fixed salary.</p> <p>High: Share price quadruples in 36 months. NOK 129 value per Option equals NOK 64,5 million value for the receiver with approximately NOK 9,1 mill</p>

	<p>social security tax for the company. The total value of the receiver equals approximately 100% of gross fixed salary.</p> <p>Note: Eligibility is performance based as performance based bonus (company and individual targets) will be the basis for the % share of the total allocation.</p>
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4. 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. Severance payments to employees are approved by CEO. Severance payments to management are approved by CEO and reviewed by board via remuneration committee. Severance payments to CEO are approved by board via remuneration committee.

5. 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 – such 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.

6. 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.

7. Procedures for Determination of Remuneration to Executive Management

7.1. 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 2017.

7.2. 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 but fair.

7.3. 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.

7.4. 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.

7.5. 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.

8. Execution of Remuneration Policy

8.1. Execution of remuneration Policy in 2017

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 2017 other than the addition of new senior management members from the acquired companies and the share purchase program and option schemes as described in section 3.2.2 above.

8.2. Binding guidelines for remuneration in 2018

For 2018, the Board of Director's proposes to continue the existing remuneration policy.