EUROPRIS ASA

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES ANNUAL GENERAL MEETING 2021

Approved by the board of directors 26 March 2021

1. General

These guidelines for remuneration of senior executives have been prepared by the board of directors of Europris ASA (**Europris** or the **company**) in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act (the **Companies Act**) for consideration at the annual general meeting on 5 May 2021, in accordance with section 5-6 (3) of the Companies Act.

The guidelines apply to the CEO and the members of the management who report directly to the CEO, currently a total of eight employees (**senior executives**). The guidelines apply to the 2021 financial year and until new guidelines are adopted by the general meeting.

2. How the guidelines advance the company's business strategy, long-term interests and sustainability

Europris is Norway's largest discount variety retailer by sales. It offers its customers a broad range of quality private-label and branded merchandise across 15 product categories. Europris employs a low-cost operating model, with attention concentrated on efficiency across the entire value chain from factory to customer. The company aims to maintain a low cost base through optimised and efficient sourcing, logistics and distribution processes. Its key strategic initiatives are: (i) strengthen the price and cost position, (ii) improve the customer experience, and (iii) drive customer growth. More information on the company's strategic priorities can be found in its annual report and on its website (www.investor.europris.no).

To implement its strategy successfully and safeguard its long-term interests, the company must be able to recruit, develop and retain senior executives with relevant competence and expertise, and with advanced leadership skills. It is therefore important that the company offers its senior executives terms which provide motivation and are in line with the market, and which are also well balanced and reasonably based on the competence, responsibility and performance of the senior executives. At the same time, it is fundamental to the company that its policies on executive payment ensure financial sustainability and that the overall level of remuneration does not put an unreasonable burden on its liquidity and equity.

These guidelines seek to provide a clear framework for the remuneration of senior executives, so that an environment which promotes the company's strategy and long-term goals can be developed and contribute to increased shareholder value.

3. The main principles of the company's remuneration policy for senior executives

Remuneration of senior executives in Europris and in group companies will be determined on the basis of the following main principles.

3.1 Management remuneration will be competitive, but not leading

Remuneration of senior executives will, as a general guideline, be tailored to attract and retain skilled leaders. Remuneration (the sum of all salary and benefits received) should normally be approximately the average remuneration for comparable senior executives in similar businesses in the country where the executive concerned is resident. When determining management remuneration, proper consideration will be given to the company's financial position, and the level chosen will be defensible from the company's perspective.

3.2 Management remuneration should be motivational

Remuneration for senior executives should be structured to motivate such employees to strive to improve operations and the company's results. The main element in management remuneration should be regular pay, although additional variable incentives should be available to motivate the efforts of senior executives on behalf of the company. Variable benefits should be reasonably proportional to the company's results during the year in question. If variable benefits are to incentivise additional efforts, the criteria must be linked to factors which the individual manager is able to influence. Europris aspires to have a remuneration plan based on solidarity within the group in order to encourage efforts which yield results beyond the individual manager’s sphere of responsibility. Part of the total remuneration may also be related to the price of the company's shares in accordance with section 4.2 of this declaration.

3.3 The remuneration system should be flexible, permitting adjustments as needs change

To be able to offer competitive remuneration, Europris must have a flexible pay system which can accommodate special solutions.

4. Types of remuneration and principles for benefits which can be offered in addition to regular pay

The basis for fixing senior executive pay is the aggregate level of a senior executive's regular salary and other benefits. This level is to be competitive, but not leading. Regular pay should normally be the main element in the senior executive’s remuneration. Where any variable remuneration is concerned, maximum amounts for the relevant recipient should be fixed at the time when the remuneration is determined.

In general, the remuneration consists of the following elements:

- regular pay
- bonus scheme
- long-term incentives
- pension benefits
- other benefits.

The company has sought to structure a plan combining base salary, short-term bonuses and long-term incentives to (i) motivate senior executives to strive to realise the company’s strategic goals, including financial results, (ii) be suitable to attract and retain skilled leaders, taking into account the market which the company participates in, and (iii) be approximately the average for management salaries for comparable senior executives in similar businesses and in the relevant local market.

4.1 Regular pay

Regular pay is the main element in the remuneration of senior executives. Additional and variable remuneration elements are subject at the time they are granted to the determination of maximum amounts which depend on the position of the employee.

The following refers to the individual benefits which may be granted in addition to regular pay. Unless specifically mentioned, no special terms, conditions or allocation criteria apply to the benefits mentioned.

4.2 Variable remuneration

Skilled employees are the company's most important resource for achieving success. Europris is dependent on recruiting competent employees, motivating each employee to perform at their very best, and retaining valuable employees to promote its business strategy, long-term interests and sustainability. The company has implemented and may implement variable remuneration as a key contribution to achieving this. As described below, variable remuneration is linked to value generation for shareholders over time and structured to create an ownership culture which ensures alignment between shareholders and senior executives.

Variable remuneration is determined by the achievement of both individual and company-specific key performance indicators and goals. An instrumental consideration is that senior executives, both individually and as a team, can influence the achievement of these key performance indicators and goals.

4.2.1 Bonus scheme

The company may establish a bonus scheme for senior executives. Any such schemes will be reviewed annually. Bonus schemes should be tied to the financial performance of Europris and other factors which the individual manager is able to influence. Determination of bonuses may also take into consideration the development of consumer price indices and other factors relevant to determining an appropriate level, always subject to the principles set out here and any applicable maximum bonus amount.

Europris has established a bonus scheme for senior executives based on financial and operational performance. The bonus scheme may be continued during the period covered by these guidelines.

The maximum bonus under this scheme is 4.5 months of gross pay for the CEO and three months for other senior executives. Bonus payments are not included in the basis for calculating holiday pay and pension.

The bonus is determined individually for each senior executive, based on the following criteria:

- 75 per cent of the bonus is based on a financial criterion for the company – achieved versus budgeted EBIT, where 50 per cent of the bonus is attained if the budget is met, with up to 100 per cent attained linearly up to the point where the budget is exceeded by five per cent.
- 25 per cent of the bonus is based on individual targets, which can be both purely individual and/or for the department which the senior executive is responsible for – with each senior executive normally having two-three individual goals.

4.2.2 Long-term incentive plan

The company has implemented a long-term cash bonus incentive plan for the senior executives. Certain key management personnel may also be included in the plan. The long-term bonus scheme may be continued during the period of these guidelines.

Setting the level of the long-term bonus is based on the recipient's position and varies between three to six months gross pay for senior executives and nine months gross pay for the CEO. The annual bonus grant under the long-term incentive plan is allocated to a bonus bank for each employee and becomes payable in portions after 12 months, with the final payment made 36 months after deposit.

The balance of the bonus bank is adjusted on the basis of the development of the company's share price. Any increase in the share price will give a proportionate increase in the bonus bank balance, and any decrease will give a proportionate reduction in the bonus bank balance. Subject to any increase following the adjustment for share price developments, the maximum payment during any single year is capped at 12 months gross pay for all participants, including the short-term bonus described in section 4.2.1.

The table below provides an illustration of bonus payments:

Event	Grant of bonus	12 months after grant	24 months after grant	36 months after grant
Grant of bonus	Deposit to bonus bank			
Adjustment	None	Adjustment for share price development	Adjustment for share price development	Adjustment for share price development
Payment	None	25%	25%	50%

The bonus is determined equally for all participants, based on EBIT for the company as the financial criterion. A bonus is paid if EBIT for the relevant year exceeds the previous year's EBIT adjusted for the consumer price index.

4.2.3 Restricted shares programme

The company will launch a long-term incentive programme (the **restricted shares programme**) in 2021 covering restricted shares for senior executives and directors of Europris. This programme may be continued during the period of these guidelines.

The restricted shares programme provides that participants may be offered the opportunity to purchase shares with a two-year restriction on sale at their assumed market value, taking into account the reduction in the value of the shares owing to the sale restriction. Any share purchases are borne by the participants, and the company will provide no credit or financing. The participants may be offered the opportunity to invest in restricted shares for an amount limited to a maximum of NOK 500 000 annually per participant. The restricted shares programme has been implemented to strengthen an aligned ownership culture between shareholders and senior executives even further, at limited cost for the company.

4.3 Pension plans and insurance

The company has established an occupational pension scheme in accordance with the Norwegian Occupational Pensions Act. Senior executives may be covered by an additional individual pension scheme based on an annual financial contribution.

The company may establish early retirement agreements with senior executives.

4.4 Benefits in kind

Senior executives may be offered benefits which are common for comparable positions, such as free phone, home PC, tablet, free broadband, newspapers, company car/car scheme and parking. No particular limitations apply to the types of benefits which can be agreed, but costs related to such benefits must not exceed 100 per cent of a senior executive's regular pay and will normally be significantly below this limit.

5. Conditions for dismissal and severance schemes

The period of notice for the CEO is 12 months. Other senior executives have a six-month period of notice. The company's CEO should normally have an agreement which takes into account the company's possible need to ask the CEO to leave immediately if this is considered to be in the company's best interest. The severance scheme must be attractive enough for the CEO to accept an agreement involving a reduction in their protection against dismissal.

Agreements may be signed regarding severance pay with other senior executives in order to meet the company's needs. Efforts will be made to establish severance schemes in such a way that they are acceptable both internally and externally. In addition to pay and other benefits during the period of notice, such schemes must not provide any entitlement to severance pay for a period exceeding 12 months.

6. Senior executives in jurisdictions other than Norway

A level of remuneration which deviates from these guidelines may be agreed for senior executives whose employment relationship is governed wholly or partly by regulations in countries other than Norway. However, the total remuneration must always safeguard the company's business strategy, long-term interests and sustainability. Adjustments will be limited to those rendered necessary by applicable legislation with associated regulations and market practices in the relevant markets.

Senior executives whose employment relationship is regulated wholly or partly by regulations in countries other than Norway can be given an extended offer of other remuneration. Such remuneration must not exceed 12 months gross pay. Examples of such compensation may include accommodation, stays abroad, school fees for children and paid return travel.

7. Preparation and decision-making process for establishing, reviewing and implementing the guidelines

The board has established a remuneration committee. This will monitor and evaluate the application of these guidelines. For each financial year, the board will prepare a remuneration report and make this available to shareholders on the company's website at least three weeks before the AGM.

The duties of the remuneration committee include preparing the resolution for the board on proposed guidelines for the remuneration of senior executives. Responsibility for updating and proposing new guidelines at least every four years and submitting these for decision by the AGM rests with the board. The guidelines will apply until new guidelines have been adopted by the AGM.

Remuneration for the CEO will be decided by the board in line with approved policies following preparatory work and a recommendation by the remuneration committee. Remuneration for other senior executives will be determined by the CEO in line with approved policies and after consultation with the remuneration committee if this is considered necessary. The CEO and senior executives will not participate in board discussions and decisions on remuneration-related matters which pertain to them. Members of the remuneration committee are independent of the management.

8. Consideration of salary and terms of employment for other employees

The guidelines for remuneration of senior executives will seek to be proportional when compared with the other employees of the company, taking into account the type of work and the responsibilities of the senior executives compared with other employees. Payment and employment conditions for employees of the group have been taken into account in preparing the board's proposal for these remuneration guidelines. The level of remuneration for senior executives is assessed in the light of information about the total income of other employees of the company, the components of the remuneration, and its increase over time. Information on payment and employment conditions in the company forms part of the decision basis for the remuneration committee and the board when assessing whether the guidelines and the restrictions specified in these are reasonable.

9. Deviation from these guidelines

The principles in these guidelines are binding for the company from the time they are adopted by the general meeting.

The board may decide to deviate from the guidelines in individual cases where special circumstances are considered to make this necessary in order to satisfy the company's long-term interests, including its sustainability, or to ensure its financial viability. Any deviation must not result in an increase in variable remuneration as described in section 4.2. The remuneration committee prepares the board's assessments of matters concerning remuneration, including deviations from these guidelines.

Fredrikstad, 26 March 2021
The board of directors of Europris ASA