

KID ASA - REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

1 INTRODUCTION

1.1 About this Policy

The overall aim of this remuneration policy for the Board of Directors and the executive management team (the "**Policy**") is to provide a framework for remuneration at KID ASA ("**KID**" or the "**Company**", and together with its consolidated subsidiaries, the "**Group**"), as well as specific guidelines for incentive pay, based on an understandable and comprehensive overview of the remuneration provided by KID.

The Policy and the remuneration guidelines herein shall apply to; (i) the Board of Directors (the "**Board**"), and (ii) the CEO of the Company and the senior management team of the Company (jointly, the "**Executive Management Team**"), and is subject to approval by the general meeting of the Company upon its first adoption, and later upon any material changes or at least every four years. This Policy shall, subject to approval by the general meeting, become effective immediately following the annual general meeting of the Company in 2021.

This Policy has been prepared in accordance with Section 6-16a of the Norwegian Public Limited Companies Act, and the Norwegian Regulation on guidelines and report for executive personnel (Nw: *Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer*).

1.2 Objectives

The overall objectives of this Policy are to:

- Support the purpose and sustainability of KID;
- Align the remuneration components with the interests of shareholders and other stakeholders relevant to the above;
- Support delivery of KID's strategic priorities; and
- Provide guidelines for establishing remuneration to the Executive Management Team that attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

1.3 Preparation and implementation of this Policy

The Board is responsible for preparing this Policy with regards to remuneration guidelines for the Executive Management. Further, the Board is responsible for implementing and evaluating the remuneration and other terms and conditions of appointment for the Executive Management Team pursuant to this Policy.

The Nomination Committee is responsible for preparing this Policy with regards to remuneration guidelines for the Board. Further, the Nomination Committee is responsible for implementing and evaluating the remuneration of the Board members pursuant to this Policy.

The Board is responsible for proposing the Policy for adoption at the Company's general meeting from time to time.

1.4 Consideration of employee pay and employment conditions when preparing this Policy

When making decisions about executive remuneration and setting the contents of this Policy, the Board also considered the remuneration arrangements in place for the Group's wider workforce.

Compensation for employees outside the Executive Management Team follows the same principles applied to executives, i.e. salary and employment conditions within comparable companies and within the retail sector in general.

1.5 Conflicts of interest

The Board acts independently of the Executive Management Team and the Nomination Committee acts independently of the Board, so no conflicts of interest should arise. No members of the Executive Management Team are present at the Board meeting when the remuneration of the Executive Management Team is discussed. Further, no members of the Board are present at Nomination Committee meetings the proposals for remuneration of the Board members are discussed.

2 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS

2.1 Process

Pursuant to Article 6 of the Company's Articles of Association, the Company shall have a Nomination Committee consisting of minimum two, but no more than three members, as decided by the general meeting. The members of the Nomination Committee shall be shareholders or representatives of shareholders.

Pursuant to the Articles of Association, the Nomination Committee shall, *inter alia*, give the general meeting its recommendation regarding the remuneration of the Board members. In accordance with this, the Nomination Committee reviews Board fees at least annually. Fees are evaluated relative to companies of comparable size and complexity to KID.

The Nomination Committee prepares recommendations for remuneration of the Board of Directors, and such recommendations are presented to the general meeting for approval before they come into effect. The remuneration of the Board members is approved as a separate item on the agenda of the annual general meetings of the Company.

2.2 Fee levels

The Chairperson and each member of the Board of Directors receives a fixed annual fee. In addition, the members of the Board's audit committee may receive an additional fee based on the number of meetings for such committee. The Board will utilize a similar approach if establishing additional sub-committees.

Individual Board members may be required to take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case, the Board shall determine a fixed fee (e.g. *per diem*) for the

work carried out related to those tasks. The fixed fee will be disclosed in the annual remuneration report.

2.3 Benefits

Additional fees or benefits may be provided to reflect, for example, accommodation, transport and other business-related expenses incurred while carrying out their role.

2.4 Incentive plans

Board members are not eligible to participate in any incentive arrangements operated by KID.

3 REMUNERATION OF THE EXECUTIVE MANAGEMENT TEAM

3.1 Overall objective and principles

The overall objective of the remuneration guidelines for the Executive Management is to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

KID shall offer competitive terms to its Executive Management Team, and consequently, the remuneration of the Executive Management Team shall as far as possible be in line with the market level for remuneration of senior management in comparable companies. However, the remuneration of the Executive Management Team shall not be of a size or nature which is liable to harm the Company's reputation.

3.2 Process

The fixed salary for the CEO is proposed by the Chairperson of the Board and then subsequently approved by the Board. The fixed salary for the other members of the Executive Management Team is proposed by the CEO and subsequently approved by the Chairperson of the Board.

All remuneration elements (pension, benefits, bonus programs, long-term incentive plans etc.) for the Executive Management Team is proposed by the CEO and/or the Chairperson of the Board and subsequently approved by the Board.

3.3 Remuneration elements and guidelines

Set out below are an overview of the various elements of the remuneration of the Executive Management Team.

3.3.1 Fixed salary

The fixed salary is set annually, considering a range of factors including; (i) the individual's skills, performance and experience, (ii) increases for the broader workforce, (iii) external market data amongst peer companies, (iv) the size and responsibilities of the role, and (v) the geographical location of the role, internal relativity and external economic environment.

Salary increases are set considering the factors set out on above.

Purpose and link to strategy: To provide fixed remuneration allowing KID to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

3.3.2 Pension

KID has a defined contribution pension plan according to the mandatory requirements under Norwegian and Swedish law. The amount of Company paid pension contributions are set considering the wider workforce rate and market practice in Norway and Sweden.

Purpose and link to strategy: Encourages planning for retirement and long-term saving.

3.3.3 Benefits

The Company may offer customary benefits in kind to its Executive Management Team, including but not limited to car allowance or company car, coverage of telephony, broadband costs and newspaper subscriptions. In-kind benefits paid by the Company are set considering the wider workforce rate and market practice in Norway and Sweden.

Purpose and link to strategy: Provide market competitive and cost-effective benefits.

3.3.4 Bonus program

KID has a bonus program for its Executive Management Team. Under the bonus program, the participants may receive a bonus of up to three- to six-months' salary. The maximum level of the bonus program and its participants are approved by the Board on an annual basis.

Maximum bonus is payable each year if the Company reaches or exceeds 110% of the budgeted annual EBITDA on a consolidated basis. No bonus will be payable if the actual annual EBITDA falls below 90% of budget. If the actual annual EBITDA is between 90% and 110% of budget will be determined based on the following table:

Actual EBITDA as percentage of budgeted EBITDA	Percentage of maximum bonus
< 90%	0.0 %
90 %	50.0 %
95 %	62.5 %
100 %	75.0 %
105 %	87.5 %
110 %	100.0 %
>110 %	100.0 %

Bonus is calculated and paid out based on audited annual accounts for the Group. Bonus will only be paid to employees who are employed with the Group (i.e. employed without having given or received notice of termination) as of the date of payment of any bonus.

KID cannot claim refund of paid out bonuses.

Purpose and link to strategy: To incentivize delivery of KID's short-term objectives and ensure a clear link with value creation.

3.3.5 Long-term incentive plan

The Board of Directors propose to implement a new long-term incentive plan following approval of this Policy, in the form of a cash bonus incentive plan for the Executive Management Team (the "**Long-Term Bonus Program**").

The Long-Term Bonus shall be earned pursuant to the same principle as the bonus program described, i.e. percentage of budgeted annual EBITDA on a consolidated basis. Under the Long-Term Bonus Program, a bonus payment will be deposited for subsequent payment in accordance with the share price development of KID. The maximum amount of the bonus deposit will be based on a pre-defined number of monthly salary payments and the actual deposit will vary based on actual EBITDA as percentage of budgeted EBITDA, as set out below:

Actual EBITDA as percentage of budgeted EBITDA	Percentage of maximum annual bonus deposit
< 100%	0.0 %
100 %	50.0 %
105 %	75 %
110 %	100.0 %
>110 %	100.0 %

The maximum bonus deposited per year shall in total be equal or less than 6 months monthly salary. The deposited amount will be adjusted according to the Company's share price development on an annual basis, based on volume weighted average share price the week following the annual general meeting. The volume weighted share price shall be adjusted for dividends. The program will commence from the financial year of 2021. The program is designed with annual payments over the 3 years following the financial year the Long-Term Bonus is earned and deposited, with 25% the two first years and 50% the last year.

No shares are issued or delivered to the participants under the Long-Term Bonus program. If KID is delisted or more than 50% of the shares are owned by one investor, all outstanding payments under the Long-Term Bonus Program shall be redeemed based on the closing price on the last day of listing or the last purchase price of the investor who surpass an ownership of 50% of the shares.

Bonus will only be paid to employees who are employed with the Group (i.e. employed without having given or received notice of termination) as of the date of payment of any bonus.

KID cannot claim a refund of paid out bonuses.

Purpose and link to strategy: To incentivise and reward long-term value creation and align the incentives of the Executive Management Team with shareholders' interest.

3.4 Employment contracts

3.4.1 Notice periods

KID may terminate the employment of an executive by giving 3 to 6 months' notice. Executives may terminate their employment by giving KID 3 to 6 months' notice.

3.4.2 Severance payment

The Company may offer up to six months salary as a termination benefit for members of the Senior Executive Team.

4 BOARD DISCRETION TO DEVIATE FROM THIS POLICY

The Board may, to ensure KID's long-term interests, resolve to temporarily deviate from any sections of this Policy in the following instances;

- Upon change of the CEO;
- Upon changes in the Group structure, organization, ownership and/ or business (for example in relation to mergers, takeovers, demergers, acquisitions etc.);
- Upon material changes in the Company's strategy;
- Upon changes in or amendments to relevant laws, rules or regulations (for example for regulatory, stock exchange control, tax or administrative purposes or to consider changes in legislation or corporate governance requirements or guidance); and
- Upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

Any deviation from this Policy shall be reported in the remuneration report for the relevant year. If a deviation has continued so that it cannot be deemed temporary, the Company shall prepare an amended policy to be presented at the next possible general meeting.