

Remuneration report XXL ASA 2018

1. Guidelines

The Board of Directors has established guidelines for the remuneration to the members of the Executive Management. It is a policy of the Company to offer the Executive Management competitive remuneration based on current market standards, company- and individual performance. The remuneration consists of a basic salary element combined with a performance based bonus program as set forth below. The Executive Management participates in the Company's insurances and is entitled to certain fringe benefits such as free newspaper, car and phone.

The Remuneration Committee is a sub-committee of the Board of Directors and its objective is to act as a preparatory and advisory body in relation to the Company's remuneration of the Executive Management and to ensure thorough and independent preparation of matters in relation to compensation of executive personnel.

The table below sets out the remuneration for 2018:

Executive management remuneration

Amounts in 1000 of currency

The following benefits were provided to the senior management:

Name	Title	Currency	Salary	Bonus	Other	Pension	Total remuneration
Fredrik Steenbuch	Chief Executive Officer	NOK	3 084	772	121	62	4 039
Tolle Grøterud	Investor Relations / CEO	NOK	1 580	852	7	32	2 470

There are no loans or guarantees to the Managing Director or other related parties.

The Managing Director and the Board do not have any agreement for compensation upon termination or change of employment / directorship.

Pension

The Group is required to have a compulsory pension in accordance with the Norwegian Accounting Act §7-30a. The Group has a pension plan that fulfills this requirement, which covers all employees and is a defined contribution plan.

2. Bonus program

The Group has established a bonus scheme for the Executive Management, which is based on results before tax exceeding the budget of which each member are entitled to a bonus of 50 percent of the respective employee's gross base salary. The Group does not include bonus payments in the basis for calculation of holiday pay and pension. When exceeding the budget on certain levels the members of the Executive Management team are entitled to additional bonus and with a maximum bonus of up to 200 percent of the respective employee's gross base salary. Half of the amount after tax should be used to acquire shares in the Company with a restriction time of three years. This is in order to strengthen the common interest between the Executive Management team and other key employees and the shareholders of the company, by having long term shareowners in the Executive Management Team.

The Board of Directors recommends the bonus program, including the obligation of acquiring shares in the Company for a certain part of the bonus and with a restriction time of three years, for approval by the Annual General Meeting.

3. Share option program

In order to strengthen the common interests between the executive management and other key employees and the shareholders of the company, the Board of Directors implemented a share option program for its executive management and other key employees (as defined by the CEO) by granting share options to such persons in 2017 and 2018. There will be no new share option program in 2019.

4. Program of restricted share units

In order to further align the interests of the company and the employees and its shareholders, and to motivate the employees to contribute materially to the success and profitability of XXL, the Board of Directors has resolved to implement a program of Restricted Share Units ("RSUs"). This program will also enable the company to attract and retain such employees.

The next RSU grant ("the 2020 Plan") will take place after the Q4 2019 results in late February/early March 2020 and will be related to individual contributions to XXL, position in the organization, competence, employment duration and the importance for XXL. Allocations are based on individual accomplishments. XXL has developed allocation levels according to different positions within the company, with some flexibility on individual adjustments and with the possibility of internal benchmarking. Each director in the executive management team proposes their recommendations to the CEO who commence the final allocation. The allocation price will be equal to the volume weighted average price in the market the five trading days after the Q4 2019 results presentation. The RSUs are exercisable after three years subject to the holder at the time of exercise is employed in the company.

In total NOK 9.2 million worth of RSUs could be distributed to the employees under the 2020 plan.

The Board of Directors recommends the 2020 Plan for approval by the Annual General Meeting.

Lederlønnserklæring XXL ASA 2018

1. Retningslinjer

Styret har etablerte retningslinjer for avlønning av ledelsen i selskapet med vekt på konkurransedyktige betingelser etter gjeldende markedsforhold, selskapets utvikling og individuell måloppnåelse. Avløningen består av et fastlønnselement i kombinasjon med et resultatbasert bonusprogram, som beskrevet under i erklæringen. Ledelsen deltar i selskapets forsikringsordninger og har rett på enkelte tilleggssytelser som gratis avis, bil og telefoni.

Kompensasjonskomiteen er en underkomite i Styret hvis formål er å være et forberedende og rådgivende organ for Styret rundt avløninger av ledelsen i selskapet, samt å sikre en hensiktsmessig og uavhengig gjennomgang av lederlønsordninger i selskapet.

Tabellen under viser lederlønnen for 2018:

Executive management remuneration Amounts in 1000 of currency

The following benefits were provided to the senior management:

Name	Title	Currency	Salary	Bonus	Other	Pension	Total remuneration
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Pension

The Group is required to have a compulsory pension in accordance with the Norwegian Accounting Act §7-30a. The Group has a pension plan that fulfills this requirement, which covers all employees and is a defined contribution plan.

2. Bonusprogram

Selskapet har etablert et bonusprogram for ledelsen, som er basert på at resultat før skatt overgår budsjett. Da har hvert enkelt medlem av ledelsen rett på bonus tilsvarende 50% av den respektives brutto årslønn. Bonusutbetalinger hensyntas ikke i beregningsgrunnlaget for pensjon eller feriepenger. Ved oppnåelse av resultater på bestemte steg over budsjett har ledelsen rett på ytterligere bonus, maksimalt inntil 200% av den respektives brutto årslønn. Av dette beløpet skal 50% etter skatt benyttes til aksjekjøp i selskapet med en bindingstid for den enkelte på tre år. Styret ønsker å styrke den felles interessen mellom ledelsen, inkludert andre nøkkelpersoner, med selskapets aksjonærer og dermed få langsiktige aksjeeiere i ledelsen.

Styret anbefaler bonusprogrammet, inkludert forpliktelsen til å bruke deler av bonus til kjøp av aksjer i selskapet med bindingstid på 3 år, for generalforsamlingen.

3. Aksjeopsjonsprogram

Styret ønsker å styrke den felles interessen mellom ledelsen, inkludert andre nøkkelpersoner, med selskapets aksjonærer og besluttet å innføre et aksjeopsjonsprogram for ledelsen og andre nøkkelpersoner (definert av CEO) ved å tildele aksjeopsjoner i 2017 og 2018. Det er ikke planlagt noe nytt aksjeopsjonsprogram i 2019.

4. Program for "restricted share units"

Styret har besluttet å innføre et program for såkalte "restricted share units" ("RSUs") som et ledd i å styrke den felles interessen mellom ansatte og aksjonærene i selskapet og som en motivasjon til ytterligere innsats for videre verdiskapning i XXL. Programmet vil også sikre at selskapet kan tiltrekke seg og holde på nøkkelpersonell.

Neste tildeling («2020 plan») vil finne sted etter Q4 2019 resultatene sent februar/tidlig mars 2020 og er relatert til individuell bidrag til XXL, stilling i organisasjonen, ansettelsestid og nøkkelpersoner for XXL. Tildeling er basert på individuell resultatoppnåelse. XXL har utviklet egne tildelingsnivåer knyttet til ulike stillinger i selskapet, med en viss fleksibilitet til individuelle tilpasninger utover dette og med muligheter for intern benchmarking. Den enkelte leder i konsernledelsen foreslår sine anbefalinger til CEO, som foretar den endelige tildelingen. Tildelingskursen vil bli satt til et volumveid gjennomsnitt av prisen i markedet de neste fem handledager etter Q4 2019 presentasjonen har funnet sted. RSUs kan benyttes etter tre år under forutsetning av at deltakeren er ansatt i selskapet.

Totalt kan RSUs med en verdi på opptil NOK 9,2 millioner tildeles ansatte under 2020 planen.

Styret anbefaler 2020 planen for generalforsamlingen.