

## THE BOARD OF DIRECTORS' STATEMENT ON REMUNERATION

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the Board will present the following statement regarding remuneration of Norwegian's Management to the General Meeting.

### Execution of the remuneration policy and principles in 2018

The remuneration guidelines and principles implemented in 2018 were in accordance with the declaration given to the Annual General Meeting of May 8, 2018, and the actual remuneration in 2018 was consistent with said guidelines and principles.

### Remuneration policy and concept for 2019

The Company's established remuneration guidelines and principles as described in the previous year's declaration on remuneration and other employment terms for Norwegian will be continued in the accounting year 2019.

#### Remuneration governance

The purpose of executive remuneration in Norwegian is to stimulate a strong and lasting performance-oriented culture, enabling Norwegian to deliver on its strategy. The total compensation level should be competitive, however, not market-leading compared to similar organizations. The Board determines the remuneration of the CEO, and the guidelines for remuneration of the executive management ("the Executive Management"). The remuneration of the Board and the Executive Management must not have negative effects on the Norwegian group (the "Group"), nor damage the reputation and standing of the Group in the public eye.

Compensation made to the Executive Management going forward will be based on Norwegian's performance.

The remuneration policy and guidelines involve the following main elements, which are described in more detail below:

- Base salary
- Variable pay and incentive schemes
- Benefits

#### Principles for base salary

The fixed salary should reflect the individual's area of responsibility and performance over time. Norwegian offers base salary levels which are competitive, but not market-leading in the market in which we operate. Salaries are benchmarked against salary statistics provided by global 3<sup>rd</sup> party human resource and related financial services consulting firms.

#### Variable compensation and incentive schemes

##### *Norwegian's short-term incentive (STI):*

The STI is a short-term incentive with a timeframe of one year. The STI is a global incentive program designed to motivate, recognize and reward executives for the contributions they make towards meeting Norwegian's financial and business targets. The objectives of the program are to (i) clearly communicate to the executives the targets, (ii) communicate to the executives how bonus payment is linked to Norwegian's performance, (iii) drive the Norwegian organization's ability to meet or exceed Norwegian's performance targets, (iv) encourage more cross functional cooperation and "one Norwegian mind-set", and (v) improve Norwegian's ability to attract, retain and motivate employees.

Executives can receive variable salaries based on (i) RASK ticket revenue (weighted 30%), (ii) CASK ex fuel, lease and depreciation (weighted 40%) and (iii) special initiatives (weighted 30%).

Target bonus for the chief executive officer is 75% of gross base salary. Max bonus is 127.5% of gross base salary.

The Executive Management can on an individual level be awarded with a special compensation for profit enhancing projects.

##### *Norwegian's long-term incentives (LTI):*

###### Employee Share Savings Plan

Norwegian offers employees hired in a Scandinavian legal entity participation in an employee share savings plan. The objective of the plan is to align and strengthen employee and shareholder's interests and remunerate for long-term commitment and value creation.

Under this plan, Norwegian will match 50% of the individuals' investment, limited to NOK 6,000 per annum. Provided that the employee contributes NOK 12,000 annually, Norwegian's contribution is NOK 6,000. The grant has a one-year vesting period. If shares are kept for two calendar years, the participants will be allocated bonus shares proportionate to their purchase. One bonus share will be earned for every tenth share allocated under this scheme.

#### Share option plan

The Board has established share option plans for leading employees. It is the Company's opinion that share option plans are positive for long-term value creation in the Group.

The intention of this plan is to (i) attract and retain employees whose service is important to the Company's success, (ii) motivate such employees to achieve the long-term goals of the Company, (iii) provide incentive compensation opportunities to such employees which are competitive with those of other companies, and (iv) to secure such employees share a common financial interest with the other shareholders of the Company.

The Board can offer share options to leading employees when shareholders have given authority to run options plans, and such offers will be on the following key terms:

- The exercise price per share shall be the average price of the NAS share on trading days during the first 10 calendar days after presentation of Norwegian's 1<sup>st</sup> quarter financial results plus 15% (rounded to the nearest NOK 1).
- Options granted can be exercised at the earliest after 3 years. The exercise period shall typically be 4 years.
- Any calendar year, each optionee's aggregated gross profit from the exercise of options in all share option programmes shall not exceed 3 years' gross base salary.
- If an optionee leaves the Company, the non-vested options will forfeit. Outstanding options exercisable at the date of such termination shall be exercisable no later than the first exercise period thereafter.

#### Principles for benefits

In addition to fixed and variable salary, other benefits such as insurance, newspaper, Internet and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package.

Principles for company car and car allowance vary in accordance with local conditions.

#### *Pension:*

Executives participate in the same pension plans as other employees within the unit in which they are employed.

Executives in the Norwegian entities participate in a defined contribution pension plan. The annual accrual is 5% of the annual base salary from 1-7.1 G and 8% from 7.1-12 G.<sup>1</sup>

No executives have a retirement agreement.

#### Severance pay

The chief executive officer and chief commercial officer have a change of control clause in their employment contracts. The notice period for the Executive Management is 6 months.

Details of the remuneration of individual members of the Executive Management are available in the notes to the consolidated accounts.

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<sup>1</sup> G is the base amount of the National Insurance scheme as stipulated on an annual basis by the Ministry of Labour and Social Affairs and is currently set at NOK 96,883 (as of May 1<sup>st</sup>, 2018).