ELOPAK
Together we make packaging work

Executive summary – New Long-term incentive program (LTIP)

1. BACKGROUND

Following the IPO in June 2021, the LTI program was reviewed by the Board Compensation Committee arriving at the following key conclusions;

- Current model is too volatile, not reflecting listing and without an ESG KPI
- Current model eligibility is limited to GLT, need options to expand to a larger target group

Consequently, the Board took a decision to replace the previous LTI program with a Performance Share unit program. The new program will be easier to administrate, offer greater retention effect and improved incentive effect.

2. LTI PROGRAM

The eligible employees will be granted an annual award of shares from the company if certain performance criteria are met. Performance KPIs in the new LTI program are the following;

- Financial = Adjusted EBITDA less normalized CAPEX, weight 50%
- Shareholder Value = Total shareholder return (TSR), weight 30%
- ESG = CO_2 emission, weight 20%

The granted shares will be gradually vested during a 3-year period. Graded vesting gives more activity, increased engagement and perceived value. Allocation of shares will be based on % of base pay (80% for CEO and 50% for Global Leadership Team members).

Other terms and conditions for the new program will be based on market standards.

3. COMPARISON BETWEEN OLD AND NEW PROGRAM

Key variables	New LTI	Former LTI
Plan design	Performance Share Units	Bonus & Purchase of shares
Target group	GLT	GLT
Vesting (earning)	Graded 3 year vesting	Lock-up 3 years
Performance criteria	EBITDA less CAPEX, ESG & TSR	EBITDA less CAPEX & VAE
Performance period	Forward looking - yearly	Backwards looking - yearly
Allocation method	% of base pay	Fixed amount
Allocation max	80% CEO, 50% GLT (% of base pay)	15 mill NOK