



**H+H International A/S**  
Lautrupsgade 7, 6<sup>th</sup> Floor  
2100 Copenhagen Ø  
Denmark

+45 35 27 02 00 Telephone

info@HplusH.com  
www.HplusH.com  
CVR No. 49 61 98 12  
LEI 213800GJODT6FV8QM841

22 March 2018

## Notice of annual general meeting of H+H International A/S

The Board of Directors of H+H International A/S hereby invites the company's shareholders to attend the annual general meeting of H+H International A/S, which will be held on

**Thursday 19 April 2018 at 14.30 CEST**

at CfL (Center for Ledelse), Folke Bernadottes Allé 45, 2100 Copenhagen Ø, Denmark.

### AGENDA INCLUDING COMPLETE PROPOSALS

- 1. Management's report on the company's activities in the past year**  
The Board of Directors proposes that the management's report on the company's activities be adopted.
- 2. Presentation and adoption of the 2017 annual report**  
The Board of Directors proposes that the audited 2017 annual report be adopted.
- 3. Resolution on discharging the Executive Board and the Board of Directors from liability**  
The Board of Directors proposes that the general meeting grants the Executive Board and the Board of Directors discharge from liability in relation to the 2017 annual report.
- 4. Resolution concerning distribution of profit according to the adopted 2017 annual report**  
The Board of Directors proposes that the company's profit according to the adopted 2017 annual report be carried forward to the next financial year and that no dividend be distributed.
- 5. Resolution concerning the Board of Directors' remuneration for 2018**  
The Board of Directors proposes the same level of remuneration for the financial year 2018 as applied in the financial year 2017, to the effect that each ordinary board member shall receive a standard fee of DKK 325,000, the Chairman shall receive a fee equal to 2 times the standard fee (i.e. DKK 650,000) and the Deputy Chairman, if any, shall receive a fee equal to 1.5 times the standard fee (i.e. DKK 487,500). The said fees include remuneration for the members' work in the board committees at any given time (e.g. audit committee, remuneration committee and nomination committee).



Remuneration shall be paid quarterly in arrears. In the event that a board member is elected to or retires from the Board of Directors or the position as Chairman or Deputy Chairman at another time than at an annual general meeting (e.g. in connection with an extraordinary general meeting), the remuneration shall be determined proportionately to the time period that the person holds his or her position.

#### **6. Election of members to the Board of Directors**

The term for all board members expires at the annual general meeting.

The Board of Directors states that Søren Østergaard Sørensen will not seek re-election and proposes re-election of:

**a. Kent Arentoft**

Professional board member  
Danish, born 1962

**b. Stewart A. Baseley**

Executive Chairman, Home Builders Federation, UK  
British, born 1958

**c. Volker Christmann**

Senior Vice President and member of the group management in Rockwool International A/S  
German, born 1957

**d. Pierre-Yves Jullien**

Professional board member  
French, born 1950

**e. Henriette Schütze**

Executive Director and CFO of Nordic Tankers Group  
Danish, born 1968

Please see the annual report for 2017 for a description of the special skills, experience, independence etc. of each of the candidates above.

The Board of Directors proposes election of:

**f. Miguel Kohlmann**

Professional board member and advisor  
German and Brazilian, born 1962

Miguel Kohlmann is chairman of the board of directors of Logstor A/S, world leader in insulated pipe systems for the energy sector, and senior advisor to Nordic private equity fund Axcel as well as to the private equity groups, PAI Partners and Investcorp.

Miguel Kohlmann possesses global experience with leading international production companies, including production of building materials and materials for the construction, automotive and aerospace industry, in particular



in Germany, Denmark and Austria. Miguel Kohlmann has 17 years of experience as CEO of large international production groups, being overall responsible for operations, strategy, sales & marketing etc., latest as CEO of Icopal A/S – world leading flat roof building materials producer. Miguel Kohlmann will be independent as defined in the Danish Recommendations on Corporate Governance.

#### **7. Appointment of auditor**

The Board of Directors proposes re-appointment of Deloitte Statsautoriseret Revisionspartnerselskab.

The proposal follows the Audit Committee's recommendation to the Board of Directors. The Audit Committee's recommendation was not influenced by third parties or by agreements with third parties limiting the general meeting's election of auditor to certain auditors or auditing firms.

#### **8. Other resolutions proposed by the Board of Directors or shareholders**

##### **Resolutions proposed by the Board of Directors**

##### **a. Authorisation of the Board of Directors to permit the company to acquire treasury shares**

The Board of Directors proposes that the general meeting authorises the Board of Directors, until the next annual general meeting, to allow the company to acquire treasury shares on an ongoing basis to the extent that the nominal value of the company's total holding of treasury shares at no time exceeds 10% of the company's share capital. The purchase price paid in connection with the acquisition of the treasury shares must not deviate by more than 10% from the most recently quoted market price of the shares on NASDAQ Copenhagen A/S at the time of acquisition.

##### **b. Amendment to article 2A.1 of the Articles of Association**

The Board of Directors proposes that the current article 2A.1 of the Articles of Association be deleted and be replaced by a new article 2A.1.

The background for the proposal to amend article 2A.1 of the Articles of Association is that the company intends to issue new shares to raise net proceeds of up to around DKK 500 million. The proceeds will be used to reduce the interest-bearing debt due to the latest acquisitions and to strengthen the balance sheet which gives the opportunity to be agile and react quickly should opportunities occur to participate in further market restructuring. For further information regarding the acquisitions, please refer to company announcements no. 354 of 28 February 2018, no. 353 of 14 December 2017 and no. 347 of 7 July 2017. Danske Bank A/S has been engaged as Global Coordinator and Bookrunner in connection with the abovementioned intended issuance of new shares.

As a consequence of the above, a resolution is proposed to adopt a new article 2A.1 of the Articles of Association with the following wording:

*"2A.1. The Board of Directors is in the period until 19 April 2023 authorized at one or more times to decide to increase the Company's share capital by up to a nominal value of DKK 71,933,460 by issuing new shares at market price or at a discount to market price by way of cash contribution, contribution in kind or by conversion of debt. The capital increase shall be with preemptive subscription rights for the Company's existing shareholders. The new shares shall be paid up in full. The new shares shall in all respects rank pari passu with the existing shares. The new shares shall be negotiable instruments, shall be issued in the names of the holders*



*and shall rank for dividends and other rights in the Company from such time as is determined by the Board of Directors in its decision to increase the Company's share capital pursuant to this Article."*

As a consequence of the above, a resolution is proposed to delete the following article 2A.3. of the Articles of Association:

*"Pursuant to Articles 2A.1. and 2A.2 above, the Board of Directors may not decide to increase the Company's shares capital by more than a total nominal value of DKK 10,790,019."*

Further, as a consequence of the above, a resolution is proposed to make consequential amendments to the numbering of and references in article 2A.4. of the Articles of Association to the following wording:

*"2A.3. The Board of Directors may implement the necessary amendments to the Articles of Association in connection with increases to the share capital in accordance with the above Articles 2A.1. – 2A.2."*

**c. Amendment to article 2A.2 of the Articles of Association**

The Board of Directors proposes that the current article 2A.2 of the Articles of Association be deleted and be replaced by a new article 2A.2.

The background for the proposal to amend article 2A.2 is to obtain the standard 5-year authorisation for the Board of Directors to increase the company's share capital by less than 20% (compared to the current 10% authorisation) of the share capital after the issuance of shares with preemptive rights described in Article 2A.1 to provide the company with the flexibility to pursue future acquisitions in the market within the coming 5 years, which acquisitions can be funded by issuing new shares at market price without preemptive subscription rights and without the obligation to publish a prospectus.

In consequence of the above, a resolution is proposed to adopt a new article 2A.2 of the Articles of Association with the following wording:

*"2A.2. The Board of Directors is in the period until 19 April 2023 authorized at one or more times to decide to increase the Company's share capital by up to a nominal value of DKK 35,948,747 by issuing new shares at market price by way of cash contribution, contribution in kind or by conversion of debt. The capital increase shall be without preemptive subscription rights for the Company's existing shareholders. The new shares shall be paid up in full. The new shares shall in all respects rank pari passu with the existing shares. The new shares shall be negotiable instruments, shall be issued in the names of the holders and shall rank for dividends and other rights in the Company from such time as is determined by the Board of Directors in its decision to increase the Company's share capital pursuant to this Article."*

In case article 2.3 of the Articles of Association is not amended as a consequence of proposal 8b, a resolution is proposed to delete the following article 2A.3. of the Articles of Association:

*"Pursuant to Articles 2A.1. and 2A.2 above, the Board of Directors may not decide to increase the Company's shares capital by more than a total nominal value of DKK 10,790,019."*



In case article 2.4 of the Articles of Association is not amended as a consequence of proposal 8b, a resolution is proposed to make consequential amendments to the numbering of and references in article 2A.4. of the Articles of Association to the following wording:

*"2A.3. The Board of Directors may implement the necessary amendments to the Articles of Association in connection with increases to the share capital in accordance with the above Articles 2A.1. – 2A.2."*

**d. Amendments to "*Remuneration guidelines for the Board of Directors and the Executive Board, including general guidelines for incentive pay to the Executive Board*"**

At the general meeting held on 14 April 2016 the company's shareholders approved the company's "*Remuneration guidelines for the Board of Directors and the Executive Board, including general guidelines for incentive pay to the Executive Board*". In addition to minor adjustments such as clarifications and legal updates to comply with the updated Recommendations for Corporate Governance of 23 November 2017 issued by the Danish Committee on Corporate Governance, the Board of Directors proposes the following amendment to the company's guidelines to strengthen the long-term incentive pay element for the executive board members and thereby also the Executive Board's focus on long-term value creation for the company's shareholders:

- The maximum annual investment allowable under a matching share programme will be an amount equal to 15% of the executive board member's annual fixed salary at the time of investment, instead of the current maximum of 10%.
- In consequence of the bullet just above, the total incentive pay (short-term incentive pay and long-term incentive pay) that an executive board member potentially can achieve pursuant to the annual pool of the incentive pay programmes may, when valued at the time of the initiation of the vesting period for the annual pool, not exceed 85% of the executive board member's fixed annual salary in the specific financial year, instead of the current maximum of 80%.

The revised version of "*Remuneration guidelines for the Board of Directors and the Executive Board, including general guidelines for incentive pay to the Executive Board*" with the proposed changes shown in mark-up is enclosed as **Annex A**.

**e. Authority to the chairman of the annual general meeting**

The Board of Directors proposes that the chairman of the annual general meeting is, with a right of substitution, authorised to make such amendments and additions to the resolutions passed by the general meeting and to the application for registration with the Danish Business Authority as the Authority may require for registration.

**9. Any other business**

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**MAJORITY**

The resolutions under agenda items 8.b and 8.c proposed by the Board of Directors will each be adopted if at least two-thirds of the votes cast as well as at least two-thirds of the voting share capital represented at the annual general meeting is cast in favour of the resolution; see section 106(1) of the Danish Companies Act and article 12.2 of the Articles of Association. All other agenda items may be passed by a simple majority of votes; see section 105(1) of the Danish Companies Act and article 12.1 of the Articles of Association.



## SHAREHOLDER INFORMATION

The share capital of the company is DKK 107,900,190 divided into shares of DKK 10 or multiples thereof. Each share with a nominal value of DKK 10 entitles the holder to one vote, see articles 2.1, 2.2 and 11.1 of the Articles of Association. Pursuant to section 85 of the Danish Companies Act, the voting share capital must be calculated less the shares held by the company as treasury shares. As at today, the company holds 32,979 treasury shares.

A shareholder is entitled to participate in and vote at the general meeting, if the shareholder's shareholding no later than on the record date is registered in the company's register of shareholders or the shareholder no later than on the record date has notified and substantiated the acquisition of shares with a view to registration in the register of shareholders, see article 11.2 of the Articles of Association. The record date is **Thursday 12 April 2018**.

Furthermore, the shareholder must have obtained an admission card or submitted absentee votes (i.e. by proxy or postal votes) in due time (see the deadlines listed below). In this respect, please note that a shareholder may *either* assign a proxy *or* vote by post, but not both.

The following information is available for the shareholders to view and print on the company's website at [www.HplusH.com/general-meeting](http://www.HplusH.com/general-meeting) up until and including the day of the annual general meeting:

- The notice and the agenda including the complete proposals for the items on the agenda
- The documents to be presented at the annual general meeting, including the audited 2017 annual report
- Form for request of admission cards to the general meeting
- Proxy form and form for voting by post
- The total number of shares and voting rights in the company at the date of the notice convening the general meeting

The notice convening the general meeting will be made available on the company's website and e-mailed to all shareholders having registered an e-mail address in the register of shareholders as of today's date. Therefore, all shareholders that have not yet registered an e-mail address are urged to register an e-mail address via the H+H Shareholder Portal at [www.HplusH.com/shareholder-portal](http://www.HplusH.com/shareholder-portal). By doing so, the shareholder will automatically receive all future notices for general meetings by e-mail.

The company has designated Danske Bank A/S as its custodian bank, through which the company's shareholders may exercise their financial rights.

## ADMISSION CARDS

Shareholders wishing to attend the general meeting must order an admission card in due time for the order to be received by Computershare A/S no later than on **Friday 13 April 2018** by:

- visiting the H+H Shareholder Portal at [www.HplusH.com/shareholder-portal](http://www.HplusH.com/shareholder-portal) and registering electronically (remember to have your NemID or your VP account number available), or
- printing the registration form available on the company's website at [www.HplusH.com/general-meeting](http://www.HplusH.com/general-meeting) and returning it – duly completed and signed – to Computershare A/S, Lottenborgvej 26 D, 1<sup>st</sup> floor, 2800 Kgs. Lyngby, Denmark, by mail, by e-mail at [info@computershare.dk](mailto:info@computershare.dk), or by fax on +45 45 46 09 98.

Please notice that ordered admission cards will not be sent out by regular mail. Instead, admission cards will be sent out electronically via e-mail to the e-mail address specified in the shareholder portal upon registration. The admission



card must be presented at the entrance door of the general meeting venue either in print or electronically on a smartphone, tablet or laptop. Admission cards that are ordered without specifying an e-mail address can be picked up from 14.00 CEST at the entrance door at the general meeting venue against presentation of a valid ID.

A shareholder may attend the general meeting together with an adviser, provided that an admission card was ordered in due time for the adviser.

Voting forms will first be handed out at the entrance door of the annual general meeting venue for the shareholders that attend the general meeting themselves or by proxy, provided that such shareholders have not voted beforehand (by submission of postal votes or assignment of proxy to the chairman of the Board of Directors or proxy to cast votes according to the shareholder's instruction).

#### **PROXY**

A shareholder may attend the general meeting by proxy by:

- assigning a proxy to a named third party by requesting an admission card for the third party in question,
- assigning a proxy to the chairman of the Board of Directors to cast votes in accordance with the Board of Directors' recommendations, or
- assigning a proxy to cast votes in accordance with the shareholder's instruction on how to vote in respect of each resolution proposed.

Proxy to a named third party other than the Board of Directors shall be made in a written, dated and signed form and be produced by the proxy at the general meeting together with an admission card. A proxy may attend together with an adviser, provided an admission card was ordered in due time for the adviser.

A proxy form can be found at the H+H Shareholder Portal at [www.HplusH.com/shareholder-portal](http://www.HplusH.com/shareholder-portal) and may be completed and submitted electronically via the H+H Shareholder Portal (remember to have your NemID or VP account number available) no later than on **Friday 13 April 2018**.

Alternatively, the proxy form can be printed from the company's website at [www.HplusH.com/general-meeting](http://www.HplusH.com/general-meeting) and returned – duly completed and signed – to Computershare A/S Lottenborgvej 26 D, 1<sup>st</sup> floor, 2800 Kgs. Lyngby, Denmark, by mail, by e-mail at [info@computershare.dk](mailto:info@computershare.dk), or by fax on +45 45 46 09 98 in due time for it to reach Computershare A/S no later than on **Friday 13 April 2018**.

#### **VOTING BY POST**

A shareholder may exercise the shareholder's voting rights by voting by post.

A form for submitting postal votes can be found at the H+H Shareholder Portal at [www.HplusH.com/shareholder-portal](http://www.HplusH.com/shareholder-portal). The form may be filled out and submitted electronically (remember to have your NemID or VP account number available) via the H+H Shareholder Portal no later than on **Wednesday 18 April 2018 at 12.00 CEST (noon)**.

Alternatively, the form for submitting postal votes can be printed from the company's website at [www.HplusH.com/general-meeting](http://www.HplusH.com/general-meeting) and returned – duly completed and signed – to Computershare A/S, Lottenborgvej 26 D, 1<sup>st</sup> floor, 2800 Kgs. Lyngby, Denmark, by mail, by e-mail at [info@computershare.dk](mailto:info@computershare.dk), or by fax on +45 45 46 09 98 in due time for it to reach Computershare A/S no later than on **Wednesday 18 April 2018, at 12.00 CEST (noon)**.



**WRITTEN QUESTIONS FROM SHAREHOLDERS**

Prior to the general meeting, shareholders may submit written questions to the company regarding the agenda items or documents etc. to be presented at the annual general meeting. Questions must be e-mailed with clear identification of the shareholder to the company at [shareholder@HplusH.com](mailto:shareholder@HplusH.com) no later than on **Wednesday 18 April 2018 at 12.00 CEST (noon)**.

**H+H International A/S**  
**The Board of Directors**





## Annex A

### ***Remuneration guidelines for the Board of Directors and the Executive Board, including general guidelines for incentive pay to the Executive Board***

#### **SCOPE OF THE GUIDELINES**

These guidelines concern remuneration of the Board of Directors and the Executive Board registered at any time with the Danish Business Authority, including incentive pay (variable remuneration) to the Executive Board.

The guidelines have been drawn up pursuant to the requirements stipulated in section 139 of the Danish Companies Act as well as the applicable corporate governance recommendations, cf. "Recommendations on Corporate Governance" of ~~May 2013 (as updated~~23 November 2014)~~2017~~ issued by the Committee on Corporate Governance.

All remuneration agreements (whether they are new agreements or amendments to or prolongation of existing agreements) entered into after adoption of the guidelines by the general meeting shall adhere to these guidelines. Remuneration agreements entered into prior to adoption of these guidelines shall continue on the terms already agreed.

The Board of Directors may change or wind up an incentive pay scheme introduced in accordance with these guidelines. Any changes shall, however, comply with these guidelines.

#### **OBJECTIVE OF THE GUIDELINES**

The purpose of these guidelines is to create a framework that enables the implementation of remuneration packages that support both the short- and the long-term goals of the company and that ensures that the remuneration level is aligned with the shareholders' interest in increased value creation.

The interplay between the annual fixed salary and the incentive pay schemes making up the remuneration package offered shall be so that the various remuneration components collectively motivate management decisions that pursue increased value creation, but does so without leading to behaviour that pertains too high risks or involves illegal or unethical behaviour.

The Board of Directors has set up a Remuneration Committee that together with the Chairman of the Board of Directors assesses the Board of Directors' and the Executive Board's remuneration on an ongoing basis and reports to the Board of Directors on their findings.

The individual remuneration to members of the Board of Directors and members of the Executive Board shall be stated in the company's annual report.

#### **BOARD OF DIRECTORS**

The Board of Directors shall receive remuneration only in the form of a fixed cash fee. The fixed fee for a given financial year is approved by the annual general meeting in the financial year concerned.

The members of the Board of Directors shall not receive any type of incentive pay and they shall not be part of any pension scheme.



The annual standard fee for board members proposed by the Board to the annual general meeting shall be set at a level that is competitive and on a par with comparable companies, and so that the fee reflects the demands on and responsibilities of the members in view of the complexity of the business of the H+H Group as well as the time usually required for preparation for and attendance at board meetings, committee meetings etc. In light of the additional tasks and responsibilities of the Chairman and the Deputy Chairman, if any, the Chairman shall receive a standard fee that is 2 times and the Deputy Chairman, if any, an annual fixed fee that is 1.5 times the standard fee.

Travel and accommodation expenses, etc., in connection with board meetings and expenses are paid on submission of receipts.

## EXECUTIVE BOARD

### Remuneration components

The elements of the Executive Board's total remuneration are combined on the basis of market practice and the H+H Group's specific requirements at any given time. The Executive Board's remuneration shall consist of a combination of:

- A fixed annual salary (including pension contributions, if any); and
- Performance-based short-term incentive pay scheme(s) – i.e. cash incentives; and/or
- Performance-based long-term incentive pay scheme(s) – i.e. share-based incentives

In addition to the fixed salary and the incentive pay, the members of the Executive Board shall also receive work-related benefits in kind in accordance with normal market practices, including e.g. a company car, free telephone, broadband at home, news subscriptions, certain insurances (accident, health and directors & officers liability) etc.

The total remuneration to the executive board members is subject to annual assessment by the Chairman of the Board of Directors together with the Remuneration Committee. Factors that will be considered when assessing and determining the level and nature of the remuneration are e.g. the results achieved by the Executive Board, the H+H Group's size, the complexity of the business, remuneration market practices as well as the market remuneration level. The overall aim shall be to have a remuneration package that is sufficiently competitive to enable the company to attract and retain executive board members with the relevant qualifications as required at any given time to best take advantage of the H+H Group's opportunities and potential as well as counter the H+H Group's challenges.

### Guidelines for fixed annual salary

The fixed salary shall be based on market levels and shall take into account the extent of possible performance-based incentive pay.

The executive board members do not receive any remuneration for directorships held in H+H subsidiaries.

### General guidelines for performance-based incentive pay

The performance criteria to be fulfilled, in whole or in part, in order to earn incentive pay can be related to certain company-related key performance indicators (KPIs – i.e. EBITDA, EBIT, PBT, EPS, ROE, ROIC, increases in share price etc.) and/or certain individual key performance criteria, whether financial or non-financial in nature (e.g. execution of specific strategic projects (turnaround plans, acquisition plans, achievements within research & development etc.)).

The Board of Directors is of the opinion that the best ~~performance from way to motivate~~ the Executive Board ~~in the form of to ensure long-term~~ value creation for the company's shareholders is ~~achieved when to make~~ a certain part of the executive board members' total remuneration ~~is dependent conditional~~ on ~~the~~ achievement of relevant performance



criteria that are defined by the Board of Directors from time to time in consideration of the company's strategy ~~as well as~~, opportunities and challenges, ~~including as well as~~ the specific long-term financial targets announced in the company's financial reports. The performance criteria are specifically selected by the Board of Directors to ensure a ~~relationship~~ connection between the incentive pay and ~~fulfilment of the~~ long-term value creation for the company's shareholders.

The total incentive pay (short-term incentive pay and long-term incentive pay) that an executive board member potentially can achieve pursuant to the annual pool of the incentive pay programmes may, when valued at the time of the initiation of the vesting period for the annual pool, not exceed ~~80~~ 85% of the executive board member's fixed annual salary in the specific financial year. The value in relation to share-based incentive pay shall be calculated in accordance with the International Financial Reporting Standards (IFRS), including the Black-Scholes model for the value calculation for share options.

Payment of incentive pay earned by the end of a financial year may not take place until after the independent auditors' report has been received and the annual report for the financial year in question has been approved by the Executive Board and the Board of Directors.

The specific incentive pay contracts entered into with each executive board member shall include wording to the effect that the company, in exceptional cases, shall be able to reclaim in full or in part the incentive pay paid on the basis of data, which proved to be manifestly misstated.

#### Short-term incentive pay schemes (cash-based)

Executive board members may participate in short-term incentive pay schemes in the form of annual cash bonuses.

The annual cash bonuses' yearly performance criteria shall be set by the Board of Directors and the criteria shall support fulfilment of the company's short-term goals. Relevant performance criteria may be company-related results such as e.g. Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Profit Before Tax (PBT), net working capital, and/or the performance criteria may be measurable personal results of a financial or non-financial nature.

#### Long-term incentive pay schemes (share-based)

Executive board members may participate in long-term incentive pay schemes in the form of share-based programmes such as matching shares or share options.

The design of the share-based incentive schemes shall reflect their general purpose, i.e. to support fulfilment of the company's long-term growth and earnings in order to ensure that shareholders' interests are met as best possible. To support the overriding purpose of pursuit of long-term growth and earnings, share-based incentive schemes shall always have a vesting period of more than one year, and exercise of any gain may not take place until around 3 years from the initiation of the vesting period, unless the initiation of the vesting period was delayed due to one or more trading windows being closed to the executive board member. Furthermore, the primary performance criteria shall be company-related key performance indicators.

If a *matching share programme* is established, the executive board member shall invest in H+H shares at market value. These H+H shares, invested in by the executive board member, may subsequently and on certain conditions be matched for free with H+H shares after a set vesting period. The vesting period shall be around 3 years, and the number of matching H+H shares vesting shall depend on the degree of fulfilment within the vesting period of the set performance criteria. However, the maximum number of matching H+H shares possibly vesting may not exceed 3 H+H



shares per H+H share invested in and still held by the executive board member by the end of the vesting period. The matching H+H shares vesting may be settled in H+H shares and/or in cash with an amount equal to the value of the matching H+H shares not being settled in H+H shares as decided by the Board of Directors. The programme may set an annual minimum investment requirement for each executive board member's participation in the programme. The maximum annual investment allowable under the programme shall be an amount equal to ~~40~~15 % of the executive board member's annual fixed salary at the time of investment.

If a *share option programme* is established, each share option shall give the board member a right to buy from the company one H+H share. The number of share options that will be granted shall depend upon fulfilment of performance criteria defined by the Board of Directors. The executive board member shall pay a price in order to receive the share option. The exercise price of a share option shall be above the market value of the H+H shares at the date of grant. The share options shall not be exercisable until around 3 years after the date of grant, and the share options shall expire if not exercised no later than around 5 years from the date of grant.

The exercise price for a share option and/or the number of granted share options or matching H+H shares shall be adjusted before grant in case of payment of dividend or corporate actions that dilute the value of the H+H shares prior to grant.

Share-based incentive schemes may be established on tax terms whereby the executive board member's profit from participation in the scheme will be taxed as share profit and having as a consequence that the company cannot receive a tax deduction for the costs of the share-based incentive scheme.

Share-based incentive schemes may at the discretion of the Board of Directors include provisions allowing for accelerated and amended vesting criteria in certain extraordinary circumstances such as takeover, mergers, acquisitions, divestments or the like.

At the discretion of the Board of Directors, and taking account of the company's liquidity and other investment requirements, the company intends to cover the H+H shares likely to have to be provided by the company to the executive board members pursuant to share-based incentive schemes on an ongoing basis through the company's purchase of H+H shares during the vesting period.

The share-based schemes that the Board of Directors approves pursuant to these guidelines shall be described in more detail in an announcement at establishment of each programme as well as in connection with executive board members' entries and grants under the scheme and shall be reported on each year in the company's annual report.

#### **Termination of employment**

In the event of the company's termination of the employment relationship, an executive board member may receive payment during the notice period in an amount equal to up to 12 months' fixed salary and incentive pay, in addition to termination payment, if any, in an amount equal up to 12 months' fixed salary. However, in case the company's termination of the employment relationship takes place in connection with or within a period of 2 years from a takeover or a delisting of the company, an executive board member may receive payment during the notice period in an amount equal to up to 12 months' fixed salary and incentive pay in addition to termination payment, if any, in an amount equal to up to 24 months' fixed salary.



Adopted by the annual general meeting on 19 April 2018.

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Thomas Weincke  
Chairman of the meeting

*This is a translation of the Remuneration guidelines in Danish.  
In case of inconsistency between the Danish text and this English translation the Danish text shall prevail.*