

## REMUNERATION POLICY

### 1. BACKGROUND AND PURPOSE

This remuneration policy of TCM Group A/S (the "**Company**") sets out the general guidelines on remuneration of the Company's board of directors (the "**Board of Directors**") and Executive Management. "**Executive Management**" means the Company's executives registered as such with the Danish Business Authority.

The overall objective of this remuneration policy is to attract, motivate and retain qualified members of the Board of Directors and the Executive Management while ensuring alignment between the interests of the Board of Directors and Executive Management with the interests of shareholders.

Furthermore, the purpose of this remuneration policy is to fulfil the requirement of section 139 of the Danish Companies Act. The Board of Directors has formulated general guidelines for the Company's provision of incentive pay to the Board of Directors and the Executive Management and has submitted these guidelines for approval by the Company at the general meeting (cf. item 2.3 and 3.4).

### 2. THE BOARD OF DIRECTORS

#### 2.1 Introduction

The Company's remuneration committee considers the remuneration of members of the Board of Directors at least once a year and the agenda of the annual general meeting will include a separate item with a proposal for remuneration of the Board of Directors.

The remuneration to the Board of Directors will be set at a level, which is competitive compared to the remuneration paid by comparable companies. The Company will not, however, take the lead on the market.

#### 2.2 Fixed remuneration

The ordinary members of the Board of Directors will receive a fixed annual fee approved by the general meeting.

The chairman of the Board of Directors will receive 2.5 times the fixed annual fee and the deputy chairman 1.5 times the fixed annual fee.

An additional fee for members of the audit committee, the remuneration committee, and the nomination committee is paid as a multiple to the fixed annual fee as specified below:

	Chair	Member
Audit Committee	0.5x	0.25x
Nomination Committee	0.25x	0.125x
Remuneration Committee	0.25x	0.125x

On presentation of vouchers, the Company will reimburse all travel and accommodation expenses incurred by a member of the Board of Directors while performing his/her board duties (including committee work).

Further, the Company will pay for such adequate and relevant training to each board member as is considered appropriate, having regard to his/her position.

#### 2.3 Incentive pay

The remuneration of the members of the Board of Directors does not include any incentive pay. However, employee-elected members of the Board of Directors may due to their employment be covered by general incentive schemes applicable to the employees of the Company (and group companies).

### **3. THE EXECUTIVE MANAGEMENT**

#### **3.1 Introduction**

The remuneration committee will submit proposals for remuneration of the Executive Management to the Board of Directors for approval. The remuneration is considered annually.

The remuneration level for the Executive Management should be competitive, but not market-leading, compared to similar companies. The remuneration package for members of the Executive Management may consist of (i) fixed annual base salary, (ii) pension, (iii) a short-term cash bonus, (iv) a long-term incentive scheme (cash or share based), and (v) other benefits in the form of usual non-monetary benefits and reimbursement of expenses. Each element of the remuneration has been weighted in order to ensure a continuous positive development of the Company both in the short and long-term.

#### **3.2 Fixed annual base salary**

The members of the Executive Management will receive a fixed annual salary as payment for their day-to-day performance.

The Executive Management will not be entitled to any further remuneration for assisting the Company's affiliated companies.

#### **3.3 Pension**

The pension contribution of the Company may comprise a maximum of 25% of the fixed annual base salary.

#### **3.4 Variable incentive pay**

In order to encourage common goals for the Executive Management and the shareholders of the Company and to ensure the long-term value creation in the Company as well as to meet the short- as well as the long-term goals the Board of Directors considers it appropriate that incentive schemes exist for the Executive Management. Such incentive schemes may comprise any form of variable remuneration, including share-based instruments such as shares, share options, warrants and phantom shares as well as non-share-based bonus agreements. Variable remuneration will be earned wholly or partly over a period of minimum three years. Any specific incentive agreements with members of the Executive Management will be subject to these guidelines.

##### **3.4.1 Short-term cash bonus**

Annual bonus arrangements are one-year bonus schemes, which drive and reward delivery of short-term business objectives. The annual bonus payments are conditional upon compliance in full or in part with the terms and targets defined in the bonus agreement. These may comprise personal targets linked to the performance of the executive in question, the Company's delivery of annual business results, or the occurrence of a specific event.

The annual bonus schemes for the Executive Management may allow members to receive a bonus per financial year of up to 100% of the member's fixed annual salary.

##### **3.4.2 Long-term incentive scheme**

The long-term incentives are primarily designed to incentivise long-term performance, commitment and retention of the members of the Executive Management, as well as to promote alignment of the interests with the shareholders. The long-term incentives may result in a maximum payout per financial year equal to 100% of the member's fixed annual salary.

The long-term incentives will in the event of share based pay be revolving and have a vesting period of minimum three years.

### **3.4.3 Reclaiming variable pay**

In the event of serious misconduct, or if an annual bonus or long-term incentive award is made on the basis of accounts which later prove to be materially misstated, the Company may reclaim from the Executive Management, in full or in part, any over-payment from such annual bonus or long-term incentive award. This ability to reclaim, shall apply to annual bonuses and long-term incentive awards paid out in respect of the financial year 2018 or later.

### **3.4.4 Accumulation**

In the event that a member of the Executive Management in the same financial year is entitled to both a short-term and long-term incentive payment, the accumulated payment for the financial year may exceed 100% of the member's fixed annual salary.

### **3.5 Other benefits and working tools**

The Company will make a number of work-related benefits and working tools available to the members of the Executive Management, including but not limited to a mobile telephone, a company car, a computer and a broadband connection.

The extent of such work-related benefits will be negotiated with each member of the Executive Management.

The Remuneration Committee may, on behalf of the Board of Directors, make customary adjustments to the employment terms of the executives, including the benefits and car arrangements.

### **3.6 Termination and severance pay**

The Company may terminate the employment of a member of the Executive Management with the notice required to be given in the executive service agreement. The period of notice may not exceed 12 months.

Further, a member of the Executive Management may terminate his/her employment with the Company with the notice provided for in the executive service agreement.

Unless otherwise agreed in the executive service agreement, members of the Executive Management are not entitled to redundancy pay or compensation for voluntary or non-voluntary termination of employment. Such pay cannot exceed 3 months' salary.

## **4. DISCLOSURE OF THE REMUNERATION POLICY**

When the general meeting has approved this remuneration policy, a provision in this regard will be included in the Company's Articles of Association and the remuneration policy will be published on the Company's website in accordance with section 139 of the Danish Companies Act.

Further, the total remuneration paid to each member of the Board of Directors and the Executive Management will be disclosed in the Company's annual report.

Tvis, 25 February 2020.

To be approved by the general meeting on 31 March 2020.