



Clear path ahead.

**Zealand Pharma
Remuneration Report 2018**

Company reg. no. 20045078

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lives with type 1 diabetes

Introduction.

This remuneration report includes remuneration practices and main principles in Zealand Pharma A/S ("Zealand") and its subsidiaries.

These are in line with Zealand's strategy and aim to attract, retain and motivate board members and executives, and support the long-term value creation and relevant goals of the company. The underlying principles are described in two documents that are approved at the Annual General Meeting:

- Remuneration policy
- Overall Guidelines for Incentive pay to the Executive Management of Zealand Pharma A/S

Board of Directors (BoD)

Overall remuneration model

It is the intent that the remuneration to the Board of Directors is in line with comparable companies, whilst also taking into consideration board members' required competencies, effort and the scope of the board work including the number of meetings.

Employee elected board members receive the same remuneration as board members elected at the General Meeting.

Fixed remuneration

The board members receive a fixed cash amount, which is approved by the General Meeting for the current financial year (the base fee). The base fee amounts to DKK 300,000. In addition to the base fee, the Chairman of the Board of Directors receives DKK 350,000. Furthermore, the Chairman of the Audit Committee receives an additional DKK 150,000 and members of the Audit Committee receive an additional DKK 50,000. Moreover, members of the Remuneration and Compensation Committee receives an additional DKK 50,000. In addition, Zealand pays for travel and lodging in connection with the board meetings.

Incentive programs, bonus pay, etc.

In line with the Recommendations on corporate governance issued by the Danish Committee on Corporate Governance, members of the board will not be able to participate in incentive programs in their capacity as board members.

Remuneration package components

Board of Directors (BoD), Executive Management (EM), Corporate Management (CoM)

Remuneration	BoD	EM	CoM	Comments
Fixed fee/fixed base salary	✓	✓	✓	
Fee for committee work	✓			Members of board committees
Short term cash bonus		✓	✓	Up to 40%- 60% of fixed base salary
Long-term share-based schemes		✓	✓	Up to 100% of fixed base salary
Other benefits		✓	✓	Company cars, phones, broadband, etc.
Pension		✓	✓	Up to 10% of fixed base salary



Find out more about Zealand on
<https://www.zealandpharma.com/remuneration-and-compensation-committee/>

Board of Directors and Executive Management share holding in Zealand

	Shares at Jan 1, 2018	Purchased during the year	Sold during the year	Shares at Dec 31, 2018
Board of Directors				
Martin Nicklasson	1,000	0	0	1,000
Rosemary Crane	0	0	0	0
Catherine Moukheibir	0	0	0	0
Alain Munoz	5,250	0	0	5,250
Michael Owen	0	0	0	0
Kirsten Drejer	0	500	0	500
Jens Peter Stenvang	3,500	2,000	0	5,500
Hanne Heidenheim Bak	24,684	0	0	24,684
Executive Management				
Britt Meelby Jensen	15,000	0	0	15,000
Mats Blom	118,000	2,000	0	120,000

Remuneration to the Board of Directors

Remuneration DKK thousand	Base board fee 2018	Com- mittee Fees 2018	Total fees 2018	Base board fee 2017	Com- mittee Fees 2017	Total fees 2017	Base board fee 2016	Com- mittee Fees 2016	Total fees 2016
Martin Nicklasson ¹	650	100	750	550	100	650	550	200	750
Rosemary Crane	333	50	383	350	50	400	350	50	400
Catherine Moukheibir	300	150	450	250	150	400	250	150	400
Alain Munoz	300	50	350	250	33	283	250	0	250
Michael Owen	300	50	350	250	50	300	250	0	250
Kirsten Drejer	200	0	200	0	0	0	0	0	0
Jens Peter Stenvang ²	300	0	300	250	0	250	250	0	250
Hanne Heidenheim Bak ²	300	0	300	188	0	188	167	0	167
Helle Haxgart ^{2, 3}	100	0	100	21	0	21	0	0	0
Rasmus Just ^{2, 4}	0	0	0	229	0	229	167	0	167
Peter Benson ⁵	0	0	0	0	0	0	104	0	104
Christian Thorkildsen ^{2, 5}	0	0	0	0	0	0	83	0	83
Helle Størum ^{2, 5}	0	0	0	0	0	0	83	0	83
Total	2,783	400	3,183	2,338	383	2,721	2,504	400	2,904

1 In addition to the base board fee, Martin Nicklasson received an observation fee for his period as Observer to the Board before being appointed at the Annual General Meeting in 2015. This fee amounted to DKK 150,000 and was paid in 2016.

2 Employee-elected board members; the table only includes remuneration for board work.

3 This board member resigned from the Board in 2018.

4 This board member resigned from the Board in 2017.

5 These board members resigned from the Board in 2016.

Executive- and Corporate Management

Overall remuneration model

In line with the Remuneration Policy approved by the Annual General Meeting, the Remuneration Committee proposes the remuneration to the CEO for the coming year to the Board of Directors, who collectively approves the remuneration.

The CEO proposes the remuneration to the rest of Executive Management and Corporate Management for the coming year to the Remuneration Committee, who collectively approves the remuneration.

The components of the remuneration to members of Executive Management and Corporate Management are:

Fixed base salary

The fixed base salary is set at market level for Danish and international companies of similar size and in the same industry.

Cash bonus

The cash bonus for the CEO can amount to up to 60% of the fixed base salary and for the rest of the members of Executive Management and Corporate Management up to 40% of the fixed base salary.

The actual bonus is calculated based on achieving certain pre-defined goals for the year. These goals comprise both personal and company goals. The personal goals for the coming year are proposed by the CEO and approved by the Remuneration Committee, while the company goals for the coming year are approved by the Board of Directors.

For 2018, the company goals comprised 10 goals within the following four areas:

- Progress of clinical pipeline
- Acceleration of early pipeline
- Building a strong financial and organizational position
- Organization on track for NDA readiness.

For each goal, there were four pre-defined outcomes: not achieved, 80% achieved, 100% achieved, or 120% achieved. The outcome of the company goals for 2018 was a total achievement of 107%.

In addition to the company goals, the Executive Management and Corporate Management members have pre-defined personal goals impacting their cash bonus.

Pension

The pension contribution from the company amounts to up to 10% of the fixed base salary.

Severance

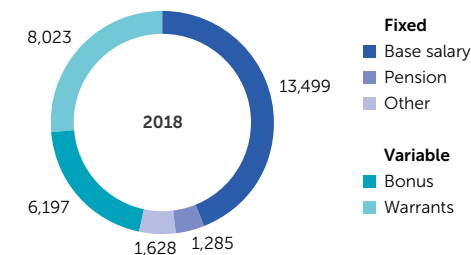
Britt Meelby Jensen and Mats Blom are leaving their employments with Zealand in 2019. There are no specific severance payments in relation to this. Base salary, cash bonus and pension will be paid for their respective notice periods. The cash bonus has been calculated based on the three previous years' average achievement of goals.

Long-term share-based schemes

Members of Executive Management and Corporate Management are entitled to participate in Zealand's long-term warrant programs. The value of the share rights/warrants granted to the members of the Executive Management within a given calendar year may never amount to more than 100% of their fixed base salary (at the time of granting). The value of any share rights/warrants granted are disclosed in Zealand's annual report and is determined in accordance with the Black & Scholes formula.

Total remuneration for members of Executive Management and Corporate Management can be found in the table on the following page.

Remuneration to Executive and Corporate Management 2018



Remuneration to the Executive Management

DKK thousand	Base salary	Bonus	Pension contribution	Other benefits	Severance payment	Warrant compensation expenses	Total
2018							
Britt Meelby Jensen	4,189	2,513	419	320	0	0	7,441
Mats Blom	2,621	1,031	262	273	0	2,219	6,406
Total	6,810	3,544	681	593	0	2,219	13,847
Other Corporate Management ¹	6,689	2,653	604	1,035	0	5,804	16,785
Total	6,689	2,653	604	1,035	0	5,804	16,785
Total	13,499	6,197	1,285	1,628	0	8,023	30,632
2017							
Britt Meelby Jensen	3,915	2,482	392	231	0	4,058	11,078
Mats Blom	2,496	999	250	271	0	2,389	6,405
Total	6,411	3,481	642	502	0	6,447	17,483
Other Corporate Management ¹	4,416	1,787	442	388	0	4,779	11,812
Total	4,416	1,787	442	388	0	4,779	11,812
Total	10,827	5,268	1,084	890	0	11,226	29,295
2016							
Britt Meelby Jensen	3,795	683	380	231	0	4,442	9,531
Mats Blom	2,448	526	245	268	0	1,111	4,598
Total	6,243	1,209	625	499	0	5,553	14,129
Other Corporate Management ¹	6,422	833	642	1,324	1,782	7,322	18,325
Total	6,422	833	642	1,324	1,782	7,322	18,325
Total	12,665	2,042	1,267	1,823	1,782	12,875	32,454

¹ In 2018, other Corporate Management comprised four members, and in 2017 other Corporate Management comprised two members. Other Corporate Management in 2016 comprised four members, including two members who resigned during the year.



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