

REMUNERATION POLICY
ZEALAND PHARMA A/S
2023



Updates to the Policy

2022 represented a year of change for Zealand Pharma. Our decision to refocus the strategy towards research and development required a refreshed focused, committed management team and engagement of the Board. The company was able to rise to the challenge set to it and record the achievements set out in the Annual Report and Remuneration Report.

As we do each year, we have listened to the feedback from our shareholders, consulted with external advisors and monitored the developments within our industry and our remuneration peer group. So that our Remuneration Policy can continue to serve the purpose of attracting, retaining, and motivating members of the Board and Executive Management, the Board has approved the following updates and precisions to the Policy, which are to be presented for adoption by the shareholders at the Annual General Meeting.

Board of Directors

- **RSU cap:** To align with shareholder interests and avoid unintended levels of return, the Company has further extended the cap applicable to the total value of RSUs granted to the Chairperson (cap of DKK 2.4 million), to apply to the Board members serving now also on committee (cap of DKK 1.2 million), and for Board members not serving on a committee (cap of DKK 600,000).
- **RSU vesting period and shareholding requirement:** Based on shareholder feedback and peer group practice, the vesting period of RSUs granted to Board members has been extended from 1 year to 3 years, with gradual vesting with 1/3 at the following 3 Annual General Meetings. The adjustment includes provisions for RSUs lapsing in the event a Board member steps down before completing the full board term for which they were elected. In this connection, the shareholding requirement has been adjusted from 300% to 200% of the annual RSU grant value (corresponding to a minimum holding value change from DKK 300,000 to 200,000).
- **D&O liability insurance for the Board:** In line with market practice the Policy is updated to now include a D&O liability insurance section.

Executive Management

- **Short-term incentive (STI) opportunity:** After careful review of the short- and long-term incentive opportunities for Executive Management, the Board has decided to adjust the relative mix of pay components to be better aligned with shareholder interests. The short-term incentive target has been adjusted, for the CEO from 60% to 75% of the annual fixed salary at the time of grant, and for other Executive Management from 40% to 50%. Accordingly, the maximum has been adjusted from 72% to 100% of the annual fixed salary at the time of grant.
- **Long-term incentive (LTI) grant value cap and shareholding requirements:** As part of relative pay mix review, the Board has decided to adjust the annual grant value cap applicable to LTI for the CEO from 400% to 250% of the annual fixed salary at the time of grant. In direct connection with this adjustment, the CEO shareholding requirement has been adjusted from 300% to 200%.
- **Composition of the LTI for Executive Management:** So, the LTI can continue to be fit for purpose the Board has made 3 changes:
 - A) the maximum share of PSUs in an annual long-term incentive grant has been decreased from 75% to 50%,



B) A possibility for the Board to substitute the use of warrants in the LTI with RSUs granted in combination with PSUs has been introduced. The Board can decide whether to include RSUs or warrants with the PSUs for each LTI grant,

C) The instrument split between PSUs on the one hand and warrants or RSUs on the other in a single LTI grant, has changed from 75% / 25% to 50% / 50% of the annual fixed salary at the time of grant

- **Vesting schedule for PSUs:** the Board has introduced cliff vesting after 3 years from the time of grant for the PSUs (previously graded vesting over 3 years)
- **Performance goals applicable to the PSUs:** in the light of the Company's strategic refocus, various clarifications have been made to
 - further reinforce the aim to measure performance over 3 years, when practically feasible
 - avoid any overlaps of goals between STI and LTI
 - include market-based and operational goals, alone or in combination
- **Adjustment and amendment of incentive programs in exceptional cases:** the situations where the Board may exceptionally adjust the incentive plans have been further clarified.
- **Sign on payments:** Based on shareholder feedback, the Board has further clarified the circumstances where a sign on payment may be offered, and that it may be delivered in the form of an LTI grant, when this is aligned with shareholder interests.
- **Severance pay to members of Executive Management:** Based on a careful review of market practice the terms applicable to potential severance pay have been updated. The basis for calculation now includes base salary, short-term incentive, and company-paid pension, though no longer the grant value of LTI.
- **Claw back:** To align with best practice governance, the provisions have been expanded to include participant misconduct and gross negligence.

General adjustments

- **Deviations from the Policy:** In line with market practice, a section has been included on the possibilities available to the Board to deviate from the Policy in exceptional circumstances.

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1. Introduction

- This remuneration policy (the "Remuneration Policy") describes the principles for the remuneration of the members of the Board of Directors (the "Board") and of the members of Executive Management of Zealand Pharma A/S (the "Company"). "Executive Management" means the members of executive management of the Company registered as such with the Danish Business Authority.
- The Remuneration Policy has been prepared pursuant to sections 139 and 139a of the Danish Companies Act and based on the Guidelines from the Danish Business Authority on requirements to listed companies' remuneration policies and remuneration reports. The said Guidelines have been prepared in dialogue with the Danish Committee on Corporate Governance.
- The Remuneration Policy aims to attract, retain, and motivate members of the Board and Executive Management. The remuneration objectives shall be to:
 - Attract and retain qualified international members of the Board and Executive Management;
 - Align the interests of the Board and Executive Management with those of the Company and the shareholders;
 - Retain and motivate Executive Management by providing financial incentives based on their performance and results achieved in an appropriate alignment of interests with the Company and the shareholders;
 - Incentivize Executive Management to achieve the Company's strategic long-term and short-term targets and thus support the Company's business strategy and sustainability; and
 - Provide a clear and transparent remuneration framework through which shareholders can assess the basis on which the Board and Executive Management are remunerated.
- The Board shall ensure that the remuneration is in compliance with this Remuneration Policy and that the remuneration does not exceed what is considered usual taking into account the nature and extent of the work and the Company's financial position.

2. Procedure for adoption and conflicts of interest

- The Remuneration Committee is responsible for preparing the Remuneration Policy and submitting it to the Board for review and approval. The Remuneration Policy shall ultimately be approved by the shareholders at the general meeting.
- The Remuneration Policy is reviewed at least once a year by the Board based on recommendations from the Remuneration Committee. In making its recommendations, the Remuneration Committee will among other things consider the need to revise the Remuneration Policy due to changes in market practice, specific circumstances as well as any feedback received from shareholders and other stakeholders.
- The Remuneration Policy shall be presented to the general meeting of the Company for approval at least every fourth year and upon any proposed material amendments.
- The risk of conflicting interests is remedied as the Remuneration Policy and all material changes must be approved by the general meeting. Remuneration to the members of the Board is approved annually by the general meeting. The Board is responsible for



determining and approving remuneration to members of Executive Management within the framework of the Remuneration Policy.

3. Remuneration of the members of the Board of Directors

Purpose	<ul style="list-style-type: none">The fee offered to the members of the Board shall be designed to be able to attract and retain competent members to the Board and motivate the members to ensure the implementation of the Company's strategy and achieve the Company's long-term and short-term targets.The fee shall reflect the experience and knowledge of the members of the Board.																								
Remuneration structure	<ul style="list-style-type: none">The members of the Board are offered a fixed annual base fee (the "Base Fee"), with part provided in cash and the rest in RSUs.The Base Fee paid to the Board in a financial year is decided by the general meeting based on a proposal from the Board which has received a recommendation from the Remuneration Committee.The Base Fee shall reflect the scope and complexity of the work and be reasonable when compared with other listed companies of the same size and complexity.The members of the Board will not participate in any incentive schemes; however, part of the Base Fee may be paid in time-only restricted shares (RSUs) or in ordinary shares.As set out in the table below, all members of the Board receive the same Base Fee, however the Chairperson and the Vice Chairperson as well as members of Board committees (except members of the Nomination Committee) receive additional RSUs for the additional work required, as set out below: <table border="1"><thead><tr><th>Role</th><th>Cash fee (DKK)</th><th>RSUs (number)</th></tr></thead><tbody><tr><td>Board member Base Fee</td><td>100,000</td><td>1,500</td></tr><tr><td>Chairperson of the Board</td><td>0</td><td>5,000</td></tr><tr><td>Vice Chairperson of the Board</td><td>0</td><td>1,000</td></tr><tr><td>Audit Committee Chair</td><td>0</td><td>4,000</td></tr><tr><td>Audit Committee member</td><td>0</td><td>2,500</td></tr><tr><td>Remuneration Committee member</td><td>0</td><td>1,500</td></tr><tr><td>Scientific Committee member</td><td>0</td><td>1,500</td></tr></tbody></table> <p>Restricted Share Units (RSUs)</p> <ul style="list-style-type: none">Members of the Board will be granted a number of restricted share units (RSUs), as shown in the table above. The RSUs are granted upon election	Role	Cash fee (DKK)	RSUs (number)	Board member Base Fee	100,000	1,500	Chairperson of the Board	0	5,000	Vice Chairperson of the Board	0	1,000	Audit Committee Chair	0	4,000	Audit Committee member	0	2,500	Remuneration Committee member	0	1,500	Scientific Committee member	0	1,500
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	<p>to the Board at the annual general meeting. To reflect that the RSUs are given as remuneration for a 1-year term on the Board, these will vest gradually with 1/3 each year at the following 3 annual general meetings.</p> <ul style="list-style-type: none">• Should a Board member step down from the Board after completion of the full term for which they were elected, or step down due to serious illness or death, then all outstanding RSU grants will vest at the end of the Board term, even if that happens before the end of the three year period.• In the event a Board member steps down from the Board without having completed the full board term for which they were elected, any unvested RSUs will automatically lapse and without compensation.• The grant value of a single RSU shall be based on the market price of the shares calculated as an average price as quoted on Nasdaq Copenhagen during a number of trading days following the annual general meeting of the Company where the Board member is elected (typically a 5-day average). The total grant value of RSUs is then determined by multiplying the number of RSUs granted as referenced in the table above by the value of a single RSU.• To ensure that the overall remuneration of the Board remains aligned with the Company and the shareholder interests and avoid any unintended levels of return, the total value of RSUs granted to members of the Board is capped. For any given financial year, the total number of RSUs granted to any member of the Board cannot exceed 8,000 RSUs, and at the time of grant the total value of RSUs granted to the Chairperson of the Board cannot exceed an amount of DKK 2.4 million, for Board members serving on a Committee (other than the Chairperson of the Board), the total value cannot exceed DKK 1.2 million and for other Board members not serving on a Committee, the total value cannot exceed DKK 600,000.• The relevant number of shares are delivered automatically by the Company in the first open trading window after the vesting date.• The Company may purchase treasury shares to cover the obligations to deliver RSUs to members of the Board.
Ad hoc tasks	<ul style="list-style-type: none">• In the event a member of the Board on request from the Board takes on ad hoc tasks, such member may be offered an ad hoc fee for the work carried out. Any such additional fee cannot exceed 300% of the cash component of the annual fixed Base Fee (i.e. corresponding to an amount of DKK 300,000).• Any ad hoc fee must be approved in writing by the Chairperson and Vice Chairperson prior to the execution of tasks.
Expenses and benefits	<ul style="list-style-type: none">• Reasonable expenses such as travel and accommodation relating to board and committee meetings and relevant training may be reimbursed by the Company if approved by the Board or the Chairperson.• The Company may also pay for individual tax advisory consulting, if such advisory work is solely related to a member of the Board's board membership with the Company.



	<ul style="list-style-type: none">• In addition, the Company may offer to cover social security contributions within the EU to the extent imposed by foreign national authorities in relation to board fees and reimbursable expenses.
Shareholding requirement	<ul style="list-style-type: none">• The shareholding requirement serves the purposes of aligning members of the Board's interests with those of the shareholders as well as to the long-term development and sustainability of the Company.• Members of the Board are required to hold shares corresponding to at least 200% of their annual RSU grant value (i.e. corresponding to a minimum amount of DKK 200,000). Granted yet unvested RSUs are applied towards this shareholding requirement.• The shareholding can be built up over a 2-year period from the time where the Board member is first elected, subject to their continued service on the Board.
D&O liability insurance	<ul style="list-style-type: none">• To be able to attract qualified Board members and members of Executive Management, it is the Company's policy to take out customary directors' and officers' (D&O) liability insurance, as appropriate.

4. Relationship between the Remuneration Policy and the remuneration and terms of other employees

- The Remuneration Policy has been formulated taking into consideration the remuneration and other terms of employment of the Company's employees, including any relevant collective agreements.
- Considering the market practice for remuneration in comparable companies, the size, complexity, geographic scope and industry of the Company, and considering the responsibilities and duties of the members of the Board and Executive Management compared to other employees of the Company, the Board believes there is an appropriate balance between remuneration to employees of the Company and remuneration to the Board and Executive Management.
- As determined by the Board, a selected number of employees of the Company in key positions may be eligible to participate in long-term incentive programs on terms similar to those of Executive Management.

5. Remuneration of the members of Executive Management

Purpose and Remuneration structure	<ul style="list-style-type: none">• The remuneration of the members of Executive Management consists of a fixed annual salary, variable remuneration and benefits. The variable remuneration is comprised of a short-term incentive program and a long-term incentive program.• The Board has decided that remuneration of the members of Executive Management places a relatively higher weight on long term share-based
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	<p>incentives and relatively less weight on cash remuneration, while still providing a market aligned total remuneration.</p> <ul style="list-style-type: none">• The fixed salary serves the purpose of being able to attract and retain high performing members of Executive Management with the ability to implement the Company's strategy and deliver long-term shareholder value. Furthermore, the fixed salary enables the members of Executive Management to make decisions with a long-term perspective in mind without undue considerations for short- or long-term incentives.• The variable remuneration is designed to promote performance in line with the Company's strategy, long-term performance and sustainability. The variable remuneration is based on a number of targets, which must be achieved before the remuneration to the member of Executive Management is earned and paid. These targets are aligned with strategic priorities in the Company's strategy and aim to ensure that short- and long-term goals are achieved.• Furthermore, the variable remuneration is designed to encourage retention of members of Executive Management with a view to ensure continuity and serve the long-term interests and sustainability of the Company and its shareholders.• Finally, the long-term incentive is designed to align the interests of the Executive Management with those of the shareholders by being share-based and including targets which are linked to the achievement of long-term goals.
Fixed salary	<ul style="list-style-type: none">• The fixed salary level is set annually by the Board on the basis of a recommendation of the Remuneration Committee.• The remuneration level is generally reviewed annually and compared to the market standard of management remuneration among comparable listed companies of similar size and complexity.• When determining the fixed salary, a range of factors are taken into consideration, including:<ul style="list-style-type: none">– the individual's skills, performance and experience;– the scope and responsibilities of the role;– the market practice of comparable listed companies;– the remuneration package in its totality; and– pay development and levels for the Company's other employees, relative to the size and complexity of the respective roles.
Short-term incentive	<ul style="list-style-type: none">• The short-term incentive program is designed to incentivize members of Executive Management to achieve short-term targets supporting the Company's strategy and development and reward individual performance within each member's functional area.• Members of Executive Management will as part of the Company's short-term incentive program be eligible to receive an annual performance-based cash bonus, which will be subject to certain predefined financial (e.g. revenue, profitability), non-financial (e.g. operational performance, reaching certain development milestones, environmental,



	<p>social, and corporate governance targets or the safeguarding of and compliance with internal procedures) and individual targets being met.</p> <ul style="list-style-type: none">• The specific targets linked to the short-term incentive program, including the weighting of each target, are determined by the Board on an annual basis.• The performance targets may be linked to the achievement on certain key financial or strategic objectives (e.g. revenue, profitability and/or operational performance) or non-financial performance targets (e.g. reaching certain development milestones, environmental, social, and corporate governance targets or the safeguarding of and compliance with internal rules and procedures).• Performance targets related to individual performance may be applied when considered value-creating for the Company and the shareholders.• The size of the cash bonus will be determined by the Board based on the level of achievement of the pre-defined targets.• The cash bonus under the short-term incentive program may have a maximum value of up to 100% of the annual fixed salary at the time of award. Typical target bonus level is 75% for the CEO but can vary between 60-80% and for other members of Executive Management target is normally set at 50% but can vary between 40-60% of the annual fixed salary at the time of grant.• It is the responsibility and discretion of the Board of Directors to assess and decide on a potential adjustment of the final bonus pay-out relative to agreed targets, which can only happen based on objective and verifiable criteria related to truly exceptional circumstances, where bonus payouts do not reflect business performance. If this should happen, it will be further explained in the Remuneration Report.
Long-term incentive	<ul style="list-style-type: none">• The long-term incentive is designed to align the interests of management with those of the shareholders, to appropriately retain members of Executive Management and to give each member a significant interest in the performance of the Company, its sustainability and the share price development over a longer period of time.• The total aggregate value of annual grants under the long-term incentive program(s) may not exceed 250% of the fixed annual salary for each member of Executive Management at the time of grant, though will typically be targeted at 200% of the annual fixed salary for the CEO and 50-150% for other members of Executive Management.• Members of Executive Management are subject to customary "good leaver" and "bad leaver" provisions for unvested awards. In "good leaver" situations the member must retain any vested awards as if he/she was still employed, and any unvested awards will vest on a pro-rated basis relative to the employment and the vesting period applicable to long-term incentive awards. In "bad leaver" situations, all unvested awards will be forfeited.• Members of the Executive Management participate in a long-term incentive program in the form of a split of 50% performance share units ("PSUs") and 50% in either warrants or RSUs. In a given year, the Board will decide whether to grant Warrants or RSUs together with the PSUs.



Terms common to PSUs, warrants, and RSUs

- The Company may purchase treasury shares to cover the obligations to deliver shares to equity-based plans.
- Prior to receiving shares, holders of PSUs, warrants, or RSUs will not have any shareholder rights, such as voting and dividend rights.
- In exceptional circumstances, the Board can decide to settle vested PSUs, warrants, or RSUs in cash.

Performance share units

- Members of Executive Management may be granted performance share units (PSUs). The vesting or maturity period shall as a main rule be at least 3 years and is determined by the Board prior to grant.
- PSUs will vest in full in cliff after 3 years of grant subject to performance against KPIs that are set by the Board at the time of grant. KPIs will as a default be measured over a three-year period, though in certain exceptional cases, operational KPIs can be expressed on a cumulative yearly basis while market-based KPIs will always be measured after 3 years. If the Board assesses that it may be in the shareholders' interests, it may decide that the grant will vest gradually over a period of 3 years.
- The grant value of PSUs shall be based on the market price of the shares calculated as an average price as quoted on Nasdaq Copenhagen A/S during a number of trading days preceding the time of grant as determined by the Board (typically a 5-day average).
- The number of PSUs that vest may be between 0% and 150% of the granted PSUs depending on achievement of a number of pre-determined KPIs, either market based KPIs (such as total shareholder return performance against Nasdaq Biotechnology index, or similar relative measures) or operational KPIs or a combination of the two. If the KPI thresholds are not achieved, no PSUs shall vest.
- Upon vesting, holders of PSUs will automatically receive one share in the Company free of charge for each vested PSU.

Warrants

- Members of Executive Management may be granted warrants. The vesting or maturity period shall as a main rule be at least 3 years and is determined by the Board prior to grant. If the Board assesses that it may be in the shareholders' interests, it may decide that the grant will vest gradually over a period of 3 years.
- The grant value of warrants is determined in accordance with the Black Scholes formula.
- The exercise price for warrants shall be determined as the simple average of the closing price of the Company's share on Nasdaq Copenhagen A/S for a period of 5 trading days preceding the date of the grant.
- Warrants that have vested may be exercised for a period of 5 years after vesting.



	<ul style="list-style-type: none"> • Upon exercise, holders of warrants will receive one share in the Company for each vested warrant by paying the exercise price per warrant. <p>Restricted Share Units</p> <ul style="list-style-type: none"> • Members of Executive Management may be granted restricted share units (RSUs). The vesting or maturity period shall as a main rule be at least 3 years and is determined by the Board prior to grant. If the Board decides that it may be in the shareholders' interests, it may decide that the grant will vest gradually over a period of 3 years. • The grant value of RSUs shall be based on the market price of the shares calculated as an average price as quoted on Nasdaq Copenhagen A/S during a number of trading days preceding the time of grant as determined by the Board (typically a 5-day average). • Upon vesting, holders of RSUs will automatically receive one share in the Company free of charge for each vested RSU.
<p>Shareholding requirement</p>	<ul style="list-style-type: none"> • The shareholding requirement serves the purposes of aligning members of the Executive Management's interests with those of the shareholders as well as the long-term development and sustainability of the Company. • Members of the Executive Management are required to hold shares corresponding to a value of at least 100% fixed annual salary. For the CEO the holding requirement is 200% fixed annual salary. • The shareholding may be built up over a 5-year period by retaining share-based instruments granted as part of the Company's long-term incentive program from time to time, after the settlement of eventual income taxes and any other taxes due.
<p>Amendment of incentive programs in exceptional cases</p>	<ul style="list-style-type: none"> • The Board may decide: <ul style="list-style-type: none"> – the lapse of the scheme, including lapse in the event that the member of Executive Management resigns; – in case of a takeover in whole or in part, significant divestiture of activities, demerger, merger or other amalgamation of the Company, that specific terms shall apply for accelerated vesting as well as for adjustment of the incentive program; – in the event that the Company's capital structure is changed, or in the event of other material events, which would otherwise adversely influence the value or effect of the incentive program either significantly up or down, to lay down terms governing adjustment of e.g. the number of granted PSUs, warrants or RSUs, in order to maintain the same intended incentive opportunity.
<p>Benefits</p>	<ul style="list-style-type: none"> • Pension: The members of Executive Management may be covered by a pension scheme, where company-paid contributions can maximum be 20% of the annual fixed salary.



	<ul style="list-style-type: none">• Members of Executive Management may receive non-monetary customary benefits such as phone, computer and internet, insurances, etc., as well as other benefits, such as company car or a transportation allowance, in line with typical market practice. The value of such benefits can be up to an aggregate value of 10% of the fixed annual salary of each of the Executive Management.
Recruitment arrangements	<ul style="list-style-type: none">• As is common practice in the Company's sector, to attract external candidates during external recruitments, compensation may be offered to offset any unvested awards foregone upon joining the Company. The company would require reasonable documentation to confirm the nature and value of any forfeited awards. Consideration of appropriate compensation is given by considering, inter alia, the forfeited award terms, potential value, time to vesting and any performance conditions.• If a sign-on arrangement is deemed necessary to attract talented executives, the terms for such arrangement will be determined on a case-by-case basis and take into consideration that (a significant part of) the arrangement should be payable in shares and depend on the executive staying in the company for a defined period of time potentially combined with a performance requirement.• Further such sign-on arrangement, whether in the form of bonus or special LTI grant cannot at the time of grant exceed the value of 200% of the fixed annual salary, pension and target bonus under the STI paid to the member of the Executive Management for the annualized financial year.• It is the responsibility and discretion of the Board to ultimately verify and determine if a sign on bonus or other sign on arrangement is reasonable and appropriate.
Size and relativity of the components	<ul style="list-style-type: none">• The aggregate maximum amount that may be granted as incentive for a given financial year is equal to 350% of the annual base salary for the CEO and 225% for a member of Executive Management (while noting that a typical STI max is 100% / 75% for the CEO / Executive Management respectively and a typical LTI max is 200% / 125%).• The split between fixed and variable remuneration is intended to result in a reasonable part of the salary being linked to performance in line with typical practice in the Company's industry, while at the same time promoting sound business decisions to achieve the Company's long-term strategy and sustainability.• For members of Executive Management, the base salary accounts for approximately 21% to 36% of the total value of the remuneration package. The interval states the span between 'maximum performance' and 'on-target-performance, based on typical incentive levels.



	CEO			
	Remuneration component	Relative size at		
	minimum performance	on-target performance	maximum performance	
Fixed annual base salary	77%	25%	21%	
Pension	15%	5%	4%	
Short-term cash bonus (STI)	0%	19%	21%	
Long-term incentive (LTI)	0%	49%	52%	
Other benefits	8%	2%	2%	
Total	100%	100%	100%	
	CFO			
Remuneration component	Relative size at			
	minimum performance	on-target performance	maximum performance	
Fixed annual base salary	77%	36%	30%	
Pension	15%	7%	6%	
Short-term cash bonus (STI)	0%	18%	23%	
Long-term incentive (LTI)	0%	36%	38%	
Other benefits	8%	4%	3%	
Total	100%	100%	100%	
Clawback	<ul style="list-style-type: none"> To the fullest extent possible under applicable law, any variable remuneration from the Company, awarded, accrued and/or paid out may be reduced, deferred, lapse or be reclaimed by the Company if the variable remuneration was awarded, accrued and/or paid out on the basis of fraud, willful misconduct, gross negligence, incorrect or misleading information or that the conditions for earning, award or payment of variable remuneration have not been fulfilled. 			

6. Total cap for share based remuneration

- For any given financial year, the total aggregated number of shares granted to members of the Board and/or the Executive Management under any applicable LTI plan cannot exceed 5% of the total number of shares in the Company.



7. Termination and severance pay

- The notice period applicable to Executive Management is up to 8 months for the Company and up to 3 months for the executive.
- Any additional severance payment beyond the payment rights in the notice period and any statutory entitlements, shall not exceed 18 months salary (calculated on the basis of base salary, short term incentive and pension) for the CEO or 12 months salary (calculated on the basis of base salary, short term incentive and pension) for other members of Executive Management.

8. Change of Control

- In case of a take over of a controlling interest of the Company, merger, demerger, significant divestments or a similar event as determined by the Board, (a "Change of Control Event"), the Board may exercise the discretion to put in place appropriate customary and market-aligned Change of Control agreements with Executive Management that are deemed to be in the interests of the shareholders. These may include:
 - An entitlement to a special stay-on retention bonus, capped at 6 months remuneration (including all components) for continued employment beyond the 12-month anniversary of the Change of Control event,
 - Extending the termination and severance pay terms in section 7 to a maximum of 24 months salary (calculated on the basis of base salary, short term incentive and pension) for the CEO and 18 months salary (calculated on the basis of base salary, short term incentive and pension) for other members of Executive Management,
 - Waiving of eventual contractual non-compete clauses in connection with the departure of a member of Executive Management.

9. Existing agreements

- Remuneration agreements for members of the Board or the Executive Management, which have been entered into before the shareholders' approval of this Policy will continue on the already agreed terms.

10. Deviations from the Remuneration Policy

- In order to serve the long-term interests of the shareholders, of the Company as a whole and its sustainability, or to assure its viability the Board may, based on a recommendation from the Remuneration Committee, in exceptional circumstances in relation to specific members of Executive Management temporarily deviate from Section 5 of this Remuneration Policy.
- Any such temporary deviation can only happen in exceptional circumstances and must be based on objective and verifiable criteria. It must also be discussed and approved by the Board based on a written proposal from the Remuneration Committee.



- The deviation including the reasoning by the Board must be described in the Remuneration Report following the deviation.

11. Approval and publication

- This Remuneration Policy has been approved by the Board of Directors on 1 March 2023 and was adopted by the shareholders in the Annual General Meeting held on 29 March 2023.
- The Remuneration Policy is made available on the Company's website together with the date for and result of the voting of the general meeting (if applicable).
- Information on the remuneration, including both fixed and variable remuneration and all benefits regardless of the sort of benefit for the Board of Directors and Executive Management granted by the Company, including any Group Company, shall be disclosed on an individual basis in the Company's Remuneration Report for the relevant financial year which will be made available on the Company's website.

29 March 2023