

## **GENERAL GUIDELINES FOR AN INCENTIVE PAY PLAN FOR THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT OF SJÆLSØ GRUPPEN A/S**

### **1. BACKGROUND**

Following an amendment of section 69b of the Danish Public Limited Companies Act (*Aktieselskabsloven*), the board of directors of a listed company is required to introduce general guidelines regarding an incentive pay plan for both its board of directors and board of management before making concrete agreements on incentive pay schemes for a member of its board of directors or board of management. These guidelines must be considered and adopted by the shareholders at the Company's annual general meeting.

The relevant provision in the Danish Public Limited Companies Act has been inserted to create greater transparency with respect to the incentive pay plans for members of the board of directors and board of management of listed companies.

In order to comply with section 69b of the Danish Public Limited Companies Act, these guidelines have been prepared to give the Company's shareholders a description of the background to the Company's use of incentive pay plans, including incentive pay to the members of the Board of Management and information about the general layout of such incentive schemes.

Thus, this document gives an overview of the general guidelines for the warrants program for the Company's Board of Management and the general guidelines for its participation in the Company's general bonus scheme.

### **2. GENERAL BACKGROUND**

The Company considers maintaining and developing the Company's expertise via a strong and competent staff as the pivotal element in the continued growth of the Company, and for maintaining a high earnings rate.

The Company's most important resource is its highly qualified staff and their expertise.

When the Company was listed on the Copenhagen Stock Exchange in 1998, the Company's Board of Directors adopted an incentive scheme for the Company's employees, which also covered the Company's Board of Management.

Incentive pay by way of the ongoing warrants programs contributes to ensuring that the Company retains and attracts the best employees.

In addition to the warrants programs implemented, the Board of Directors makes a decision once a year on a bonus scheme for the Company's employees, which also covers its Board of Management.

The Company does not have an incentive pay scheme for its Board of Directors, as the individual board members receive a fixed fee only.

### **3. WARRANTS PROGRAMS**

The Company publishes a statement of allocated warrants in its annual report, and this statement also discloses the Board of Directors' remaining unutilized authority to issue warrants. The latter information also appears in the Company's Articles of Association. The Board of Directors make a decision on the allocation of warrants to various categories of employees, including the Board of Management. The allocation of warrants is aimed at attracting and retaining the Company's employees and its Board of Management.

The Company's warrants program does not cover the Board of Directors.

A warrant gives the holder a right, but not an obligation, to subscribe for shares in the Company at a given price in a given exercise window.

As a basic rule, 1/3 of allocated warrants may be exercised every year over a three-year period, with the first 1/3 being exercisable three years after allocation.

Warrants may be exercised after the publication of the Annual Report or the Interim Statement covering the first six months, depending on the timing of the allocation of the warrant in question.

Warrants that have not been exercised automatically lapse.

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### CONTINUED

Each warrant entitles the holder to subscribe for one share in the Company at a nominal price of DKK 10.00.

Upon exercise, a warrant entitles the holder to subscribe for shares at the prevailing market price at the time of the allocation. The number of shares that may be subscribed for pursuant to allocated warrants may be adjusted whenever changes are made to the Company's capital. The holder does not pay a fee upon being allocated warrants, unless the Board of Directors makes a concrete decision in that respect.

The number of warrants allocated to the Company's Board of Management in any given financial year, including the number of already allocated but unexercised warrants, may not in total exceed 3% of the Company's share capital at the time of allocation.

The estimated value of the allocated warrants is based on a calculation made in accordance with the Black-Scholes formula. The fair value of the issued warrants appears in the Company's annual reports.

#### 4. BONUS SCHEME

With a view to additionally strengthening of the Company's ability to retain and attract the best employees, the Board of Directors have introduced a bonus scheme in recent years.

A decision is made annually as to the size of the bonus scheme, and the general bonus scheme is based on compliance with the Group's overall budget and on meeting budget targets for the individual subsidiaries.

The Board of Directors is not encompassed by the Company's bonus scheme.

The Board of Management's bonus scheme has been fixed based on a bonus target determined for the Group.

The amount of bonus depends on the extent to which the pre-determined bonus targets have been met.

As is the case for the general bonus scheme, the Board of Management's bonus scheme is structured in such a way that meeting budget targets will result in up to three months' extra pay, and profits exceeding bonus targets will result in a further bonus equivalent to from one and up to seven months' pay.

Bonuses earned will be distributed following approval by the shareholders of the Group's Annual Report in the subsequent year.

In the past, the Company's Board of Management has been covered by the bonus scheme, and the Board of Directors' intention is for the Board of Management to be covered by the Company's bonus scheme in the future also.

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As concerns the existing pay programs for the Board of Directors and Board of Management, we refer to the list below.

	Board of Directors	Group Management
Fixed base pay	Yes	Yes
Fee for committee work	Yes	No
Fee for ad hoc assignments	No	No
Incentive schemes	No	Yes
Pension	No	No
Non-monetary benefits	No	Yes
Severance pay	No	No
Non-competition clauses	No	Yes
Health insurance	Yes	Yes

Adopted by the Board of Directors of the Sjælsø Gruppen A/S, 12 March 2008