Columbus Once you know how...

Guidelines for incentive programs

October 2016

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In accordance with Section 139b of the Danish Companies Act, the Board of Directors of a listed company must, before entering into a specific incentive agreement with a member of the Board of Directors or the Executive Board, specify overall guidelines for the company's incentive programs for the Board of Directors and Executive Board.

The overall guidelines must be considered and adopted by the general meeting of the company before being put into practice in specific agreements with the concerned executives.

The adoption of the guidelines for incentive programs by the general meeting have been included in the Articles of Association of the company, cf. section 139b of the Danish Companies Act. If the general meeting decides to change these guidelines in the future, the revised guidelines will also, without undue delay, be published on the company's website (www.columbusglobal.com) with statement of date of adoption of changes.

The guidelines for incentive programs were adopted at the general meeting on 26 October 2016.

1. Introduction

1.1. Main considerations for the guidelines

The principles of Columbus Group's remuneration policy reflect the objective regarding a proper governance process and a lasting and long-term value creation for the Group's shareholders.

1.2. Objective, value creation for shareholders and support of short-term and long-term goals

In order to encourage common goals for the company's shareholders, the Executive Board and the management and to meet short-term as well as long-term goals, Columbus considers it appropriate to set up incentive programs for the Executive Board and the Board of Directors in Columbus.

1.3. Attraction and retention of key employees

Columbus considers incentive programs a considerable competitive parameter to attract and retain the best executives.

1.4. Who are entitled to receive incentive programs

The present guidelines thus include the general guidelines concerning incentive programs for the Board of Directors and the Executive Board of Columbus A/S and its subsidiaries (Columbus). "The Executive Board" means the executives registered as executives of Columbus A/S with the Danish Business Authority or of domestic or foreign subsidiaries.

2. Types of remuneration and main conditions

2.1. Types of remuneration

Incentive programs may comprise any form of variable remuneration, including share-based instruments such as share options, warrants and phantom shares as well as non share-based bonus schemes - both ongoing, single-based and event-based. Where Columbus wants to enter into a specific incentive agreement with members of the Executive Board, such specific agreement will be subject to these guidelines.

2.2. Main conditions, shareholders' interests and the Board of Director's room for maneuver and decision-making

Whether an incentive program is established – and which agreements to specifically conclude – will depend on whether the Board of Directors considers it expedient in order to encourage common goals for Columbus's management and shareholders. In addition, historic and expected performance of the management, motivation and loyalty concerns and the general situation and development of the company will also be taken into consideration.

The Board of Directors may change or terminate one or more incentive programs introduced according to these guidelines. When assessing whether to terminate incentive programs the criteria on which the establishment of the program was based will be included. However, such changes can only take place within the framework of these guidelines. Any further changes must be adopted by the general meeting.

2.3. Maturity

The maturity of the individual incentive programs are decided by the Board of Directors under the consideration that the incentive should be achievable within reasonable time, but also considering retention and loyalty as key parameters in the company's decision to allot incentive programs. Usually incentive programs are allotted with a maturity of up to 3 years.

2.4. Transparency

Incentive pay for members of Columbus's Board of Directors and Executive Board appears from the annual report. Incentive programs will be announced in accordance with Nasdaq's disclosure requirements.

3. Share-based instruments

The value of the share-based instruments alotted in a given financial year may be up to 50% of the fixed annual remuneration of the individual executive. For the Board of Directors the total number of warrants allotted cannot exceed 120,000 per year per board member, with the right to subscribe or buy one share for each warrant.

The estimated present value of the share-based incentive programs that are subject to these guidelines is calculated in accordance with the International Financial Reporting Standards (IFRS).

The exercise price of the share-based instrument cannot be less than the share price of the company's share at the time of the allotment. The executive will not pay for the share-based instrument unless the Board of Directors specifically decides otherwise.

The allotment may take place on tax conditions which means that the Board member’s or the executive's capital gain is subject to a tax rate lower than normal provided that the company is not granted any tax deduction for the expenses related to the allotment.

The Board of Directors may decide that share-based instruments must be earned over a period of three years from the time of the allotment.

Where, as part of a share-based incentive program, Columbus has to obtain shares in order to meet its obligations under the incentive program, such shares may be obtained through issuance of warrants, a buyback of own shares and through Columbus's holding of own shares.

4. Non share-based instruments

A non share-based instrument, most often in the form of a bonus scheme or a performance contract typically has a term of one or several years and/or may be subject to a specific event occurring in relation to Columbus. Non share-based instruments may also include retention bonus, loyalty bonus or the like. Bonus payments are conditional upon compliance in full or in part with the terms and targets defined in the agreement. These may comprise personal targets linked to the performance of the executive in question, Columbus's results, the results of one or more business units under Columbus or the occurrence of a relevant event.

Ongoing bonus schemes for the Executive Board allow members to receive a bonus per financial year of up to 70% of the member's fixed annual remuneration.

Where circumstances are deemed to be quite extraordinary by the Board of Directors, Executive Board members may receive a bonus of up to 100% of the fixed annual remuneration.

5. Other incentive-based remuneration

Where circumstances are deemed extraordinary by the Board of Directors, Executive Board members in Columbus A/S may also receive a loyalty bonus schemes conditional on one or more events occurring. The total value of such bonus schemes cannot exceed 7% of the company's annual increase in market capitalization. Such schemes may be allotted in addition to other incentive schemes.