

# Remuneration Principles

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## Table of Contents

<b>1</b>	<b>INTRODUCTION .....</b>	<b>3</b>
<b>2</b>	<b>REMUNERATION OF THE BOARD OF DIRECTORS .....</b>	<b>3</b>
<b>3</b>	<b>REMUNERATION OF THE EXECUTIVE MANAGEMENT .....</b>	<b>4</b>
<b>4</b>	<b>OVERVIEW OF REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT .....</b>	<b>10</b>

# 1 Introduction

- 1.1 It is the Company's policy to offer a competitive remuneration in order to attract, retain and motivate qualified individuals. Remuneration provided has been designed to align the interests of the individuals with those of the shareholders as well as to promote and support NNIT's vision in the short and long term.
- 1.2 The Principles apply to the Board of Directors and Executive Management. Executive Management includes all executives registered with the Danish Business Authority.

# 2 Remuneration of the Board of Directors

## 2.1 Process

- 2.1.1 The Board of Directors annually reviews remuneration for members of the Board of Directors in respect of the current and next calendar year based on a recommendation from the Chairmanship.
- 2.1.2 When preparing its recommendation, the Chairmanship will evaluate board fees against relevant benchmarks of Danish and other Nordic companies similar to NNIT in size and complexity.
- 2.1.3 Remuneration for the past year and the remuneration level for the current year are approved by the annual general meeting each year as a separate agenda item.
- 2.1.4 Information on the total remuneration granted to the Board of Directors, in the aggregate and on an individual basis, including information on travel allowance paid and expenses reimbursed, is disclosed in the annual report, along with a statement on compliance with these Remuneration Principles.

## 2.2 Fee

- 2.2.1 Board members shall receive a fixed annual base fee.
- 2.2.2 Board members shall receive a fixed amount (the base fee), while the Chairmanship receives a multiple thereof:

- (a) The Chairman shall receive 2.5 times the base fee.

- (b) The Deputy Chairman shall receive 1.5 times the base fee.

Service on the Audit Committee entitles board members to receive an additional fee:

- (c) The chairman of the Audit Committee shall receive an additional fee of 0.5 times the base fee, and

- (d) Members of the Audit Committee shall receive an additional fee of 0.25 times the base fee.

2.2.3 Individual board members may take on specific ad hoc tasks outside their normal duties for and at the instruction of the Board of Directors. In each such case the Board of Directors shall determine a fixed fee (e.g. per diem) for the work carried out related to those tasks. The fixed fee will be disclosed in the annual report and approved at the following annual general meeting.

2.2.4 Members of the Board of Directors are not offered any pension arrangements.

## 2.3 Travel allowance and other expenses

2.3.1 All board members not residing in Denmark receive a fixed travel allowance when attending board meetings in Denmark. No travel allowance is paid when attending board meetings outside Denmark.

2.3.2 All members of the Board of Directors receive reimbursement of reasonable expenses such as travel and accommodation in relation to board meetings as well as relevant education. This is in addition to a potential travel allowance.

## 2.4 Incentive programmes

2.4.1 Members of the Board of Directors are not offered any type of incentive-based remuneration.

# 3 Remuneration of the Executive Management

## 3.1 Process

3.1.1 Remuneration for members of the Executive Management is proposed by the Chairmanship and approved by the Board of Directors.

3.1.2 The individual remuneration packages are evaluated annually against relevant benchmarks of Danish and other Nordic companies similar to NNIT in size and complexity. To ensure comparability, executive positions are evaluated in accordance with a recognised position evaluation system which among other parameters includes and reflects the development of the company size and measured in terms of company revenue and number of employees.

3.1.3 Information on the total remuneration granted to Executive Management, in the aggregate and on an individual basis, including information on key elements of any retention and retirement schemes, is disclosed in the annual report, along with a statement on compliance with these Remuneration Principles.

## 3.2 Composition

3.2.1 The remuneration package consists of a fixed annual base salary and variable elements consisting of short and long-term incentives. In addition, members of Executive Management receive a pension contribution and other benefits.

## 3.3 Purpose

3.3.1 The fixed annual base salary is designed to attract, retain and motivate qualified individuals with professional and personal competences required to support NNIT's performance.

- 3.3.2 The incentive pay elements are designed to align the interests of the Executive Management with the interests of the shareholders by providing incentives for the Executive Management to meet the strategic long and short-term goals of NNIT as well as to promote value creation for the benefit of the shareholders. Granted incentive pay shall be based on actual achievements over a period of time and overall remuneration shall be competitive and aligned with local practice. When determining targets for the individual members of Executive Management international market practise, budgets and long-term business plans shall be taken into consideration.
- (a) The Short-term Incentive Programme (STIP) is designed to incentivise the individual member of Executive Management for individual performance within his/her functional area and to ensure short-term achievements in line with NNIT targets.
- (b) The Long-term Incentive Programme (LTIP) is designed to promote the collective performance of Executive Management and to align the interests of Executive Management with those of NNIT's shareholders, as well as to ensure a balance between short-term achievements and long-term thinking.
- 3.3.3 The split between fixed and variable remuneration elements is intended to achieve that a reasonable part of the total remuneration is linked to performance, while at the same time promoting sound business decisions to achieve NNIT's targets. The balance between the fixed and variable remuneration elements granted to each member of Executive Management is targeted to be broadly in line with market practice for benchmarked companies.
- 3.3.4 Pension contributions are made to promote an opportunity for members of Executive Management to build up an income for retirement.
- 3.3.5 Other benefits are added to ensure that overall remuneration is competitive and aligned with local practice.

## 3.4 Size of the components

- 3.4.1 The fixed annual base salary accounts for approximately 30% to 55% of the total value of the remuneration package. The interval states the span between "maximum performance" and the "on-target-performance".
- 3.4.2 The STIP may result in a maximum annual grant equal to up to four months' fixed base salary including pension contribution, and up to six months fixed base salary including pension contribution for the CEO.
- 3.4.3 The LTIP may result in a maximum annual grant equal to up to eight months' fixed base salary including pension contribution, and up to ten months' fixed base salary including pension contribution for the CEO.
- 3.4.4 The maximum aggregate amount that each member of the Executive Management may be granted as incentive pay for a given year under the LTIP and STIP is equal to up to twelve months' fixed base salary including pension contribution, and sixteen months' fixed base salary including pension contribution for the CEO.

### 3.5 STIP - Short-term Incentive Programme

- 3.5.1 STIP consists of a cash-based incentive linked to achievement of a number of predefined functional and individual business targets for each member of Executive Management. The targets for the CEO are fixed by the Chairmanship while the targets for the other members of the Executive Management are fixed by the CEO. Targets may include key operational objectives on strategic targets and priorities, including growth, profit, cash flow, earnings per share, return on capital employed and total shareholder return relative to other benchmark companies or other individual objectives. The degree of target achievement for each member of Executive Management is evaluated by the Chairmanship.
- 3.5.2 The calculation of cash-based incentives under the STIP - if any - will for a given year typically be based on the salary in December of the relevant member of Executive Management and becomes payable after announcement of the annual report for the subsequent year.
- 3.5.3 STIP is subject to recovery or 'claw-back' by NNIT, provided the remuneration was paid on the basis of data which proved to be manifestly misstated due to wilful misconduct or gross negligence by the member of Executive Management. Claw-back in relation to the STIP is possible up to 12 months after the actual payment of the cash-based incentive.

### 3.6 LTIP - Long-term Incentive Programme

- 3.6.1 Each year the Board of Directors decides whether or not to establish an LTIP for that calendar year.
- 3.6.2 The LTIP is based on earnings before interest and tax (EBIT) compared to the targeted level. In addition the realized free cash flow compared to the targeted level or other key operational measures could be taken into consideration. Based upon the performance of those parameters a number of shares are allocated to each participant in the programme.
- 3.6.3 As described in 3.4.3, for members of Executive Management, the yearly maximum allocation per participant equals up to 10 months' fixed base salary including pension contribution for the CEO and up to 8 months' fixed base salary including pension contribution for other members of Executive Management. The allocation may, subject to the Board of Directors' assessment, be reduced in case of lower-than-planned performance by NNIT in areas to be determined by the Board of Directors from time to time.
- 3.6.4 Once the allocation - measured as number of months' fixed base salary including pension contribution - has been approved by the Board of Directors, the total cash amount is converted into NNIT shares at market price. The market price is calculated as the average trading price for NNIT shares on Nasdaq Copenhagen in the open trading window following the release of financial results for the year prior to the relevant bonus year; i.e. in the open trading window immediately following the Board of Directors' approval of the allocation.
- 3.6.5 Shares under the LTIP are allocated subject to a lock-up period of at least three years. If a participant resigns during the lock-up period, his or her shares will be forfeited. During the lock-up period, the Board of Directors may remove shares from past years allocations in the event of lower-than-planned performance

during the lock-up period. The lock-up period may be accelerated in the event of a take-over in whole or in part, significant divestments, demerger, merger, or other material events as determined by the Board of Directors in connection with approval of the LTIP.

- 3.6.6 During the lock-up period, all allocated shares are administered as part of NNIT's holding of treasury shares. No dividends will be paid on such shares.
- 3.6.7 Following expiry of the lock-up period, the shares will be transferred to the participants.
- 3.6.8 LTIP is subject to recovery or 'claw-back' by NNIT, provided the remuneration was paid on the basis of data which proved to be manifestly misstated due to wilful misconduct or gross negligence by a participant. Claw-back in relation to the LTIP is possible up to 12 months after release of the shares to the participants (i.e. four years after allocation).
- 3.6.9 The aggregate value of the LTIP shall be disclosed in the annual report.
- 3.6.10 NNIT intends to purchase treasury shares to satisfy obligations assumed by NNIT under the LTIP.

### 3.7 Retention Programme

- 3.7.1 In connection with the IPO of NNIT, the Board of Directors established a Launch Incentive Programme (LIP) for members of the Executive Management according to which the Executive Management is eligible to receive a number of NNIT shares subject to completion of the IPO and fulfilment of the investment obligation in 3.7.2.
- 3.7.2 As part of the LIP, each member of the Executive Management is required to acquire NNIT shares for a total amount equal to 12 months' fixed base salary including pension contribution. Each share bought under the programme entitles the holder to receive two restricted share units in NNIT at no cost. Subject to completion of the IPO and the fulfilment of predefined minimum criteria relating to growth and profitability, each restricted share unit will be converted to one free share in NNIT on the first day in the open trading window in 2018 following publication of the annual report for NNIT for the financial year 2017. If the predefined criteria are not met the number of restricted shares may, subject to the assessment of the Board of Directors, be reduced or completely cease.
- 3.7.3 Shares bought under the LIP are subject to a lock-up period covering a performance period of at least three financial years. The restricted share units received in the LIP are subject to a similar lock-up period and fulfilment of targets in relation to Company performance. During the lock-up period, all shares allocated under the LIP are administered as part of NNIT's holding of treasury shares. No dividends will be paid on such shares. The lock-up period will expire at the same time as each restricted share unit will be converted to one free share in NNIT. Accordingly, the LIP will expire in the first open trading window in 2018.
- 3.7.4 The Board of Directors is authorised, in its discretion, to adjust and prolong the LIP to a three year Retention Programme to ensure continued retention of members of the Executive Management. Such Retention Programme can include members of the Executive Management from time to time applying the principles set out herein and may require a self-investment by the participant.

- 3.7.5 The Retention Programme may include a prolongation of the vesting period for restricted share units granted and/or a prolongation of the lock-up period for the shares bought in connection with the IPO under the LIP and/or additional shares bought in connection with the Retention Programme and subject to a similar lock-up period. Such prolongation or lock-up period can comprise restricted share units and/or shares representing a value equal to up to 8 months' fixed base salary including pension contribution combined with a grant of additional restricted share units in NNIT at no cost for a total amount equal to up to 16 months' fixed base salary including pension contribution. Restricted share units granted under the Retention Programme will be subject to the same vesting period as the restricted share units comprised by the prolongation. Subject to the fulfilment of predefined minimum criteria relating to growth and profitability, each restricted share unit will be converted to one free share. If the predefined criteria are not met the number of restricted shares granted under the Retention Programme may, subject to the assessment of the Board of Directors, be reduced or completely cease. Any restricted share units and shares comprised by the Retention Programme will be subject to a vesting- or lock-up period covering a performance period of at least three financial years.
- 3.7.6 NNIT intends to purchase treasury shares to satisfy obligations assumed by NNIT under the Retention Programme.
- 3.7.7 The Company may demand that restricted share units and free shares allocated under the Retention Programme, including the LIP, shall be cancelled or returned in part or in full up to 12 months after the release of the acquired shares or the delivery of the free shares if the grant, award or vesting has been made on the basis of data, which proved to be manifestly misstated due to wilful misconduct or gross negligence by an employee of the Company, however restricted share units received under the LIP shall not be subject to a new claw-back period as a result of being included in the Retention Programme.
- 3.7.8 The aggregate value of the Retention Programme, including the LIP, shall be disclosed in the annual report.

## 3.8 Pension

- 3.8.1 Members of Executive Management receive a pension contribution of between 20% and 25% of the fixed annual base salary, including bonus.

## 3.9 Other benefits

- 3.9.1 Members of Executive Management receives non-monetary benefits such as company cars, phones etc. Allocation of such benefits is approved by the Chairmanship after delegation of powers from the Board of Directors.
- 3.9.2 Members of Executive Management may participate in customary employee benefit programmes, e.g. employee share purchase programmes.

## 3.10 Termination of employment

- 3.10.1 The employment of a member of Executive Management may be terminated by NNIT by up to 12 months' notice and the individual member by up to 6 months' notice.



### 3.11 Severance payment

- 3.11.1 In the event of termination - whether by NNIT or by the individual member - due to a merger, acquisition or takeover of NNIT, members of Executive Management may, in addition to the notice period, be entitled to receive a severance payment of up to 12 months' fixed base salary including pension contribution.
- 3.11.2 In case of termination by NNIT for other reasons, a member of Executive Management may be entitled to a severance payment of one months' fixed base salary plus pension contribution per every 6 months' employment as an executive and taking into account previous employment history; in no event, however, more than 12 months' fixed base salary plus pension contribution.
- 3.11.3 With regard to severance payment, one employment contract entered into before 2008, exceeds the 12-months' limit described above. The severance payment does, however, not exceed 18 months' fixed base salary plus pension contributions.

## 4 Overview of remuneration of the Board of Directors and Executive Management

	Board of Directors	Executive Management
Fixed annual base fee	Yes	Yes
Fee for committee work	Yes	No
Fee for ad hoc tasks	Yes	No
STIP (Short-term Incentive Programme)	No	For the CEO, up to 6, and for the other members of Executive Management, up to 4 months' fixed base salary including pension contribution per year
LTIP (Long-term Incentive Programme)	No	For the CEO up to 10, and for the other members of Executive Management up to 8 months' fixed base salary including pension contribution per year
LIP (Launch Incentive Programme)	No	Subject to completion of the IPO, each member of Executive Management is required to acquire shares for a total amount equal to 12 months' fixed base salary including pension. Each acquired share entitles the holder to receive two restricted share units in NNIT at no cost. Subject to completion of the IPO and the fulfilment of predefined minimum criteria relating to growth and profitability, each restricted share unit will be converted into one free share
Retention Programme (LIP prolonged and adjusted)		Each member of Executive Management is entitled to receive restricted share

		<p>units in NNIT at no cost for a total amount equal to up to 16 months fixed base salary including pension contribution, provided restricted share units, free shares or shares bought under the LIP (or new shares bought if the participant is not a participant under the LIP) for a total amount equal to up to 8 months' fixed base salary including pension contribution are included in the Retention Programme and therefore subject to a prolonged lock-up period.</p> <p>Subject to the fulfilment of predefined minimum criteria relating to growth and profitability, each restricted share unit will be converted into one free share.</p>
Pension	No	20-25% of fixed annual base salary and STIP
Travel allowance	Yes	No
Other benefits	No	As approved by the Chairmanship
Severance payment	No	Based on tenure of employment, up to 12 months' fixed base salary including pension contribution. However, for one employment contract entered into before 2008, up to 18 months' fixed base salary including pension contribution.

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These Remuneration Principles have been adopted by the Board of Directors of the Company and approved by the general meeting on 8 March 2017.