



## **IC GROUP A/S REMUNERATION POLICY**

### **1. Preamble**

In accordance with the Recommendations on Corporate Governance, the Board of Directors of IC Group A/S has approved this Remuneration Policy applicable to the Company's Board of Directors and the Executive Board.

Furthermore, IC Group A/S has approved General Guidelines regarding Incentive Pay to the Company's Board of Directors and the Executive Board, cf. below.

The Remuneration Policy and the General Guidelines regarding Incentive Pay to the Company's Board of Directors and the Executive Board have been approved by the Annual General Meeting on 27 September 2017 and are available on the corporate website.

It is IC Group A/S' target that the total remuneration to the Company's Management generally must be at a reasonable level and reflect the Management's performance, responsibility and value creation to the Company.

### **2. Remuneration to the Board of Directors**

The Board of Directors solely receives a fixed annual fee and is not covered by any type of share-based or non-share-based incentive programmes. The fee in cash is set at a reasonable level reflecting the extent of the tasks undertaken by the Board of Directors and the responsibilities in connection hereto as well as being competitive compared to other peer companies.

The Chairman and the Deputy Chairman of the Board of Directors receive a higher fee than ordinary board members, typically a fee three times and two times higher than the basic fee, respectively.

Members of those Committees which the Board of Directors has established in accordance with the Recommendations on Corporate Governance, comprising the Audit Committee, the Remuneration Committee and the Nomination Committee, receive a separate, additional fee which is in the region of DKK 50,000-200,000 per committee membership.

The remuneration to the Board of Directors is approved annually by the Annual General Meeting for the then current financial year.

### **3. Remuneration to the Executive Board**

The remuneration to the Executive Board consists of cash salary, an annual bonus, share-based incentive programmes, a company car and other usual benefits. The Executive Board is not covered by any retirement plan nor does the Executive Board receive any retirement contributions.

IC GROUP A/S  
ADELGADE 12D  
DK-1304 COPENHAGEN K

TEL: +45 3266 7788  
E-MAIL: INFO@ICGROUP.NET

CVR.NO 62 81 64 14

WWW.ICGROUP.NET



The Executive Board must make own provisions for establishing and contributing to a suitable retirement plan.

The aggregated value of the remuneration shall reasonably reflect the size and operations of the company, the Executive Board's extent of responsibilities and performance in the company as well as the general market conditions.

The Company's bonus and share-based incentive programmes must ensure and promote the common interests of the shareholders and the Executive Board and ensure that the Executive Board is focusing on creating value for the Company.

The Executive Board is subject to one-year bonus programmes aiming at ensuring that the Group's growth targets for the financial year in question are met. The terms of payment of the performance-dependent remuneration are determined annually. The Executive Board may receive bonuses of maximum up to 50% of the fixed annual salary.

In order to support the Company's long-term growth, the Company's Executive Board has previously been included in warrant and performance shares programmes. These programmes still exist for former members of the Executive Board, just as the present Executive Board is included in the performance shares programmes, however, these programmes are in the process of being phased out, and warrants and performance shares are no longer granted.

As a long-term share-based incentive plan, IC Group A/S has now set up an agreement according to which the Executive Board is compensated based on the return on shareholders' investments through increased market capitalization of the Company (calculated as the Company's market cap on Nasdaq OMX Copenhagen) as well as payments to the Company's shareholders during a period of three years. The compensation is paid in cash upon expiry of the three-year period and may as a maximum constitute 300% of the Executive Board's fixed annual salary corresponding to 100% per year during the period. During the period until the approval of the Annual Report 2019/20, the Executive Board will not be granted any further long-term incentive agreements.

The purpose of introducing this new long-term share-based incentive agreement is to strive at achieving maximum value creation for the Group as a whole and thereby the shareholders of the Company. To support this target, a larger part of the Executive Board's total remuneration has been made variable as well as dependent on a higher return on shareholders' investments.

The Company does not pay severance payments to the Executive Board upon dismissal other than payment during the period of notice which is 12 months. The Board of Directors must ensure that any possible redundancy package to a member of the Executive Board is fair and reflects the results achieved by the said member of the Executive Board, the reason for the dismissal as well as the responsibilities and remuneration which the said member of the Executive Board have had.

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The Company's future agreements regarding variable remuneration (bonus and share-based programmes) will state that the Company has the right in certain circumstances to require repayment partly or in whole of the variable remuneration which has been paid based on information subsequently proven to be erroneous and/or was affected due to negligence.

#### **4. Disclosure of remuneration**

IC Group A/S' Remuneration Policy is disclosed in the management commentary in the annual report and made available on the corporate website.

The Chairman of the Board of Directors must explain and state the reasons for the Remuneration Policy at the Company's Annual General Meeting.

The annual report must disclose separate information regarding remuneration to the individual members of the Board of Directors and the Executive Board as well as other material benefits. All material factors concerning share-based incentive programmes are disclosed including information about all incentive paid members and the incentive pay of the Executive Board.

All material information regarding redundancy packages to the Executive Board must be disclosed in the annual report.

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## **GENERAL GUIDELINES REGARDING INCENTIVE PAY TO THE EXECUTIVE BOARD OF IC GROUP A/S**

### **1. Preamble**

Pursuant to section 139 of the Danish Companies Act, specific agreements on incentive pay for a member of the Board of Directors or the Executive Board of a listed company shall be in accordance with the general guidelines for incentive plans as approved at the Company's General Meeting. These general guidelines shall set out the framework for the content of the plans regarding incentive pay for the Board of Directors and the Executive Board.

For a number of years, IC Group A/S has had incentive plans for the Company's Executive Board, including warrants, share option and performance shares programmes. The Board of Directors of IC Group A/S is not included in any incentive plans. Thus, the present guidelines apply only to plans regarding incentive pay for the Executive Board.

"Executive Board" refers to the member of the Executive Board registered with the Danish Business Authority.

### **2. Incentive pay**

In order to support a positive development of IC Group A/S aiming at meeting the Company's targets and encouraging long-term, common goals for the Executive Board of IC Group A/S and shareholders, the Board of Directors of IC Group A/S has decided to use incentive pay for the Executive Board of IC Group A/S.

In general, "incentive pay" may comprise any form of variable share-based remuneration, such as cash payment based on return on shareholders' investments, performance shares, share options, warrants and phantom shares. However, incentive pay does not only comprise share-based instruments. Bonus schemes, performance contracts and similar instruments of which the final result or remuneration is not predefined, also fall within these guidelines.

This entails that any form of variable remuneration that IC Group A/S may wish to introduce to the Executive Board shall be in accordance with the at all times effective guidelines considered and approved by the Company's General Meeting.

The decision of the Board of Directors in respect of the preparation of the individual plans for incentive pay will, among others, be based on meeting IC Group A/S' targets and with the aim of ensuring that the Executive Board and the shareholders at all times have common goals. Other criteria that may influence the decision of the Board of Directors will, among others, be the past and expected performance of the Executive Board, considerations regarding motivation and loyalty as well as the Company's situation and general development.

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### 3. Share-based instruments

#### 3.1 Long-term incentive agreement – return on shareholders' investments

IC Group A/S' has now set up a long-term incentive agreement for its Executive Board according to which payment is conditional on the return on shareholders' investments through increased market capitalization of the Company (calculated as the Company's market cap on Nasdaq OMX Copenhagen) as well as payments to the Company's shareholders, such as dividends, capital reduction or the like.

The amount of the return of shareholders' investments is calculated based on a three-year period, meaning that the calculation of the return of shareholders' investments will be carried out following the announcement of the Annual Report for 2019/20. Cash payment will be effected immediately after the announcement provided that the defined targets have been achieved.

The total value of the long-term incentive agreement during the three-year period may as a maximum constitute 300% of the Executive Board's fixed annual salary corresponding to 100% per year. During the period until the approval of the Annual Report 2019/20, the Executive Board will not be granted any further long-term incentive agreements.

#### 3.2 Warrants

Former members of the Executive Board of IC Group A/S have been included in warrant programmes. Such programme still exists, however, it is in the process of being phased out and warrants are no longer granted to the Executive Board.

The value of the warrant programme for the persons included in the programme may constitute up to 50% of their fixed annual salary at that time. The estimated present value of the existing warrant programme is calculated in accordance with the International Financial Reporting Standards (IFRS) – the Black & Scholes Model.

The persons included in the warrant programme have not paid for the warrants granted, and the exercise price corresponds to the market price of the Company's share at the grant date.

The warrants granted and outstanding may not be exercised until after the announcement of the annual report for the third financial year after the grant date at the earliest and no later than five years after the grant date.

#### 3.3 Performance shares

IC Group A/S' present Executive Board and certain former members of the Executive Board are included in performance share programmes (grant of ordinary shares in IC Group A/S) where

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the grant of shares is dependent upon the achievement of certain financial targets, among others the Company's development of revenue and EBIT, during the performance period of the programmes. Two such programmes still exist, however, they are in the process of being phased out and performance shares are no longer granted to the Executive Board.

The maximum number of performance shares granted to existing and former members of the Executive Board under a programme corresponds to 50% of their fixed annual salary calculated by using the average closing price of the IC Group A/S share of the five previous trading days before setting up a performance share programme.

The performance share programmes run during a performance period of three years, and the performance shares are granted – provided that the conditions are met – to the persons included in the programme following the announcement of the annual report for the third financial year after the programme has been initiated.

The persons included in the Performance shares programmes have not paid for the performance shares.

In the event that IC Group A/S, as part of a share-based incentive plan, is to obtain shares in order to meet the obligations under the plan for incentive pay, such shares may be obtained through a buy-back of own shares and/or through IC Group A/S' holding of treasury shares.

#### **4. Non-share-based instruments**

A non-share-based instrument, most often in the form of a bonus scheme or a performance contract, may have a term of one or several years and/or be subject to a specific event occurring in relation to IC Group A/S, including divestment or acquisitions of key business areas or the like. Non-share-based instruments include retention bonus, loyalty bonus or the like.

Payments according to a non-share-based incentive plan are subject to full or partial fulfilment of the conditions and objectives defined in the incentive plan in question. These may comprise personal targets linked to the performance of the Executive Board in question, IC Group A/S' performance, performance in one or more business units under IC Group A/S or the occurrence of a relevant event.

The Executive Board is subject to one-year bonus programmes aiming at ensuring that the Group's growth targets are met. The bonus programmes are dependent upon the achievement of certain financial targets, among others, the Company's development of revenue and EBIT, certain sales-related KPIs, etc. The terms of payment of the performance-dependent remuneration are determined annually. The Executive Board may receive bonuses of maximum up to 50% of their fixed annual salary.

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## **5. Amendments to and discontinuation of incentive programmes**

The Board of Directors is entitled to amend or discontinue one or more incentive plans introduced in accordance with these guidelines. Assessment to this effect must include the criteria forming the basis of the establishment of the plan. Such amendments may only be effected within the scope of these guidelines. More extensive amendments are subject to approval by the General Meeting.

## **6. Publicity and commencement**

Subject to the General Meeting's approval of the General Guidelines regarding Incentive Pay, a provision is included in the Company's Articles of Association, stipulating that the General Meeting has adopted guidelines for incentive pay for the Executive Board, cf. section 139 of the Danish Companies Act.

Following approval at IC Group A/S' Annual General Meeting on 27 September 2017, the guidelines will as soon as possible be published on the website of IC Group A/S ([www.icgroup.net](http://www.icgroup.net)) with indication of the date of approval by the General Meeting.

If the General Meeting at a later point in time adopts amendments to the guidelines, specific incentive agreements shall no longer be made in accordance with the guidelines previously approved.

Such amendments to the guidelines will also without undue delay be published on the website of IC Group A/S ([www.icgroup.net](http://www.icgroup.net)) with indication of the date of approval of the General Meeting.

Specific agreements on incentive pay must be concluded not earlier than on the day after the approved guidelines have been published on the website of IC Group A/S ([www.icgroup.net](http://www.icgroup.net)).

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