

## **Item 18 – Principles for remuneration to Group Executive Management**

The Board of Directors proposes that the annual general meeting 2017 resolves on the following principles for remuneration to Group Executive Management. The Group Executive Management is defined as the president and the other members of the management team.

The objective of the principles is to ensure that the Company can attract and retain the best people in order to support the purpose and strategy of the Company. Remuneration to Group Executive Management should be built on a total reward approach and be market relevant, but not leading. The remuneration principles should enable international hiring and should support diversity within Group Executive Management. The market comparison should be made against a set of peer group companies with comparable sizes, industries and complexity. The total reward should consist of fixed salary, pension benefits, conditions for notice and severance pay and other benefits.

### Fixed salary

The fixed salary of a Group Executive Management member should be based on competence, responsibility and performance. The Company uses an international evaluation system in order to evaluate the scope and responsibility of the position. Market benchmark is conducted on a regular basis. The individual performance is monitored and used as a basis for annual reviews of fixed salaries.

### Pension

Pension and retirement benefits should be based on a defined contribution model, which means that a premium is paid amounting to a certain percentage of the individual's annual salary. When deciding the size of the premium the level of total remuneration should be considered. The level of contribution should be benchmarked and may vary due to the composition of fixed salary and pension. The retirement age is normally 65 years of age.

### Other benefits

The Company provides other benefits in accordance with market practice. A Group Executive Management member may be entitled to a company car, healthcare provisions, etc. Internationally hired Group Executive Management members and those who are asked to move to another country can be offered mobility related benefits for a limited period of time.

### Notice of termination and severance pay

The termination period for a Group Executive Management member may be up to six (6) months (twelve (12) months for the president) when given by the employee and up to twelve (12) months when given by the Company. In case the termination is given by the Company the individual may be entitled to a severance payment up to twelve (12) months. Severance pay shall not constitute a basis for calculation of vacation pay or pension benefits. Termination and severance pay will also be reduced if the individual will be entitled to pay from a new employment or if the individual will be conducting own business during the termination period or the severance period.

The Board of Directors may make minor deviations from the principles above.