

Remuneration Report 2018

General remuneration policy

Goodvalley's remuneration of the Executive Board has been determined in consideration of its tasks and value creation as well as the terms and conditions offered to executives of other Danish companies.

The remuneration of the Executive Board may include a fixed salary, pension, an annual cash bonus, long-term cash and share-based incentive schemes as well as other usual benefits. Each remuneration element is ranked according to the wish to ensure the company's continued positive development in both the short and the long term. Furthermore, at the appointment of a new member of the Executive Board the company may grant a sign-on bonus to compensate the new member of the Executive Board in whole or partly for documented losses derived from the candidate terminating a contract with his or her previous employer.

According to Goodvalley's Remuneration Policy, the members of the Board of Directors receive a fixed annual fee determined by the scope and nature of the work, the requirement as to the members of the Board of Directors' qualifications and fees in comparable companies. The Chairman and Vice Chairman and the members of the audit committee and the remuneration committee receive an additional fee for their additional work. Remuneration for ad hoc work can also be paid.

Remuneration of the Executive Board

The Board of Directors believes that the company depends on high-level managerial resources and that incentive pay to the Executive Board can be a useful tool to ensure the company's

long-term value creation for the shareholders. Incentive pay is designed for the purpose of attracting, retaining and motivating the members of the Executive Board. Whether a member of the Executive Board is covered by an incentive program, and which agreement(s) that is/are specifically concluded, will depend on whether the Board of Directors finds it expedient for the purposes of creating aligned interests between the Executive Board and the shareholders, considering both short-term and long-term objectives. In addition, the Executive Board's performance so far and its expected performance, the regard for motivation and loyalty as well as the Company's situation and development can also be relevant factors. The incentive programs will be based on fulfilling one or several parameters determined by the Board of Directors.

In 2018, Goodvalley's Executive Board participated in a short-term incentive programme (STIP) according to which cash-based bonuses may be granted subject to fulfilment of the determined bonus targets. The amount of the bonuses that the individual participants were eligible to receive depended on the level of performance of both financial (70%) and non-financial targets (30%).

The maximum bonus amount to be paid was 70 percent of the Chief Executive Officer's annual salary and 50 percent of the annual salary of each of the other members of the Executive Management

Furthermore, the Executive Board participated in a long-term incentive programme (LTI) according to which participants in the program may annually be awarded a number of perfor-

mance share units based on his role and responsibilities in the Group. Each performance share unit entitles the participant to receive one ordinary Share in the Company subject to the terms of the programme. The annual value of the performance share units cannot exceed 70 percent of the Chief Executive Officer's annual base salary and 60 percent of the annual base salary of each of the other participants in the programme.

The performance share units vest during a vesting period which starts running from the date of award of the performance share units and ends on the date of publication of the interim financial report for the first quarter three years later, i.e. performance share units awarded in 2018 will vest on the date of publication of the interim financial report for the first quarter of 2021 subject to fulfilment of certain vesting targets. The fixed vesting criteria for the performance share units are based on the total shareholder return of the company (TSR) and/or the return of invested capital (ROIC) of the company. If the calculated average of a vesting target during the vesting period is below the threshold, no shares will be allocated to the participant. The specific vesting targets are determined by the Board of Directors and set out in the award form provided to the participant in connection with the award of performance share units.

As an alternative to allocating shares, the company may decide to cash settle the performance share units. In the event the company is not listed at the date of allocation of the shares, the participant is entitled to require that a cash settlement is made instead of delivering shares.

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Remuneration for the Executive Board in 2018

The remuneration paid to Tom Axelgaard, Group CEO totaled DKK 3,996,800. His fixed salary for the period amounted to DKK 3,200,000 corresponding to 80% of the total remuneration in 2018. The cash bonus (STIP) totaled DKK 268,800 corresponding to 12% of the maximum bonus.

The remuneration paid to Hans Henrik Pauk Pedersen, Group CFO totaled DKK 2,540,000. His fixed salary for the period amounted to DKK 2,000,000 corresponding to 78% of the total remuneration in 2018. The cash bonus (STIP) totaled DKK 120,000 corresponding to 12% of the maximum bonus.

The remuneration paid to Kristian Brokop Jakobsen, Group COO totaled DKK 1,875,000. His fixed salary for the period amounted to DKK 1,500,000 corresponding to 80% of the total remuneration in 2018. The cash bonus (STIP) totaled DKK 90,000 corresponding to 12% of the maximum bonus.

In 2018, the members of the Executive Board were not granted any performance shares according to the LTI program.

The below table provides an overview of the remuneration structure and remuneration paid to the members of the Executive Board in 2016-2018.

DKK '000	TOM AXELGAARD			HANS HENRIK PEDERSEN			KRISTIAN BROKOP			OBJECTIVE	REMUNERATION LEVEL	PERFORMANCE MEASURE
	2018	2017	2016	2018	2017	2016 (FROM NOV 2016)	2018	2017	2016			
FIXED SALARY	3,200	2,306	1,640	2,000	1,520	231	1,500	-	-	Attract and retain qualified managers	Market level	N/A
CASH-BONUS (STI)	269			120	1,090		90			Attract and retain qualified managers and to ensure the company's long-term value creation for shareholders	Market level	A combination of financial (70%) and non-financial targets (30%)
PENSION	480			300	210	28	225			N/A	15% of fixed salary	N/A
OTHER BENEFITS (CAR)	187	42	42	120	120	20	120			N/A	The CEO is entitled to a company car whereas the other two members of the Executive Board receive a DKK 10,000 car allowance per month.	N/A
EQUITY- AND CASH-SETTLED INCENTIVE										Attract and retain qualified managers and to ensure the company's long-term value creation for shareholders		Grant
TOTAL	4,136	2,348	1,682	2,540	2,940	279	1,935	-	-			

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Remuneration of the Board of Directors

The remuneration of the Board of Directors is approved annually by the Goodvalley shareholders at the annual general meeting of shareholders.

In 2018, the Goodvalley board members received a base fee of DKK 200,000. The Chairman and Vice Chairman received a fee which is three times and double the base fee respectively.

The base fee for the membership of the audit committee was DKK 80,000. The chairman of the committee received a fee which is double the base fee.

The combined base fee for the membership of the nomination and remuneration committees was DKK 50,000. The chairman of the committees received a fee which is double the base fee.

The Board of Directors is not covered by a pension scheme and does not receive any incentive pay. Any expenses relating to meetings in the Board of Directors and committee meetings as well as travel expenses etc. paid in the interest of the Company are reimbursed according to submitted documentation.

DKK '000	ANNUAL FEE	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	2018	2017	2016
ANDERS CHRISTEN OBEL (CHAIRMAN)	600	80		100	780	680	100
NIELS RAUFF HANSEN (VICE CHAIRMAN)	400			50	450	400	380
ANDERS BUNDGAARD	200				200	200	298
JENS JØRGEN NIELSEN	200				200	200	100
ERLING BECH POULSEN	200				200	200	100
HELLE OKHOLM	200	160		50	410	360	
TOTAL	1,800				2,440	2,040	978