

## Remuneration report 2018

Hartmann seeks to ensure that the remuneration of the board of directors and the executive board is at a competitive and reasonable level compared with companies of the same size and complexity as that of Hartmann to ensure that Hartmann is able to attract and retain competent executives.

The group's remuneration policy and the possibility to offer incentive pay to the executive board contribute to ensuring a continued positive development of the company and through this also a good value for the company's shareholders and employees as well as an increased alignment between the interests of the executive board and of the shareholders, respectively, in maximisation of the value creation. The incentive programmes will be based on fulfilling one or several parameters such as turnover, profit from operating activities, return on invested capital, changes in working capital et cetera.

### Remuneration to the board of directors

The remuneration paid to the members of the board of directors is a fixed fee approved by the shareholders at the annual general meeting. Ordinary committee members each receive an annual fee of DKK 225,000. The vice chairman receives a fee equal to the ordinary fee multiplied by 1.5, and the chairman receives a fee equal to the ordinary fee multiplied by three.

Furthermore, the remuneration paid to the members of the audit committee is a fixed fee approved by the shareholders at the annual general meeting. Ordinary committee members each receive an annual fee of DKK 112,500. The chairman receives a fee of DKK 337,500.

Estimated remuneration for ad hoc work can also be paid, but this was not done in 2018. The board of directors is not covered by a pension scheme. The board of directors does not receive any incentive pay.

### Remuneration to individual board members 2016-2018

| DKK thousand                          | 2018           |              |                | 2017           |              |                | 2016           |              |                |
|---------------------------------------|----------------|--------------|----------------|----------------|--------------|----------------|----------------|--------------|----------------|
|                                       | Board          | Committe     | Total          | Board          | Committe     | Total          | Board          | Committe     | Total          |
| Agnete Raaschou-Nielsen               | 675.0          | -            | 675.0          | 656.3          | -            | 656.3          | 600.0          | -            | 600.0          |
| Jan Klarskov Henriksen <sup>1</sup>   | 268.8          | -            | 268.8          | -              | -            | -              | -              | -            | -              |
| Jørn Mørkeberg Nielsen                | 225.0          | 112.5        | 337.5          | 218.8          | 109.4        | 328.2          | 200.0          | 100.0        | 300.0          |
| Niels Hermansen <sup>2</sup>          | 150.0          | -            | 150.0          | 437.5          | -            | 437.5          | 400.0          | -            | 400.0          |
| Steen Parsholt                        | 309.4          | 337.5        | 646.9          | 218.8          | 327.8        | 546.6          | 200.0          | 275.0        | 475.0          |
| <i>Employee-elected</i>               |                |              |                |                |              |                |                |              |                |
| Andy Hansen                           | 225.0          | -            | 225.0          | 218.8          | -            | 218.8          | 200.0          | -            | 200.0          |
| Jan Peter Antonisen <sup>2</sup>      | 75.0           | -            | 75.0           | 218.8          | -            | 218.8          | 200.0          | -            | 200.0          |
| Niels Christian Petersen <sup>2</sup> | 75.0           | -            | 75.0           | 218.8          | -            | 218.8          | 200.0          | -            | 200.0          |
| Palle Skade Andersen <sup>1</sup>     | 168.8          | -            | 168.8          | -              | -            | -              | -              | -            | -              |
| <b>Total remuneration</b>             | <b>2,172.0</b> | <b>450.0</b> | <b>2,622.0</b> | <b>2,187.8</b> | <b>437.2</b> | <b>2,625.0</b> | <b>2,000.0</b> | <b>375.0</b> | <b>2,375.0</b> |

<sup>1</sup> Appointed 18 April 2018.

<sup>2</sup> Resigned 18 April 2018.

The disclosed remuneration excludes reimbursed expenses that board members have incurred in connection with meeting activity in Hartmann.

### Remuneration to the executive board

In order to attract and retain managerial skills the elements of the remuneration to the executive board have been determined in consideration of its tasks and value creation as well as the terms and conditions of other Danish businesses. The remuneration to the executive board may include a fixed salary, pension, an annual cash bonus, long-term cash-based incentive schemes as well as other usual fringe benefits. Each remuneration element is ranked on the basis of the wish to ensure Hartmann's continued positive development in both the short and the long term.

In 2018, the remuneration paid to the members of the executive board was based on a fixed salary, defined contribution pension, bonus and other benefits in the form of company car and telephone. Bonuses are individual and performance-related. The remuneration policy for members of the executive board includes a one-year bonus programme, which is based on financial targets and cannot exceed 50% of the individual's basic salary before pension.

When the current members of the executive board were appointed in 2018, a decision was made to discontinue the long-term cash bonus programme related to the former executive board's implementation and the company's achievement of the objectives of the long-term strategy that expired at the end of the financial year. Accordingly, the only variable remuneration paid to the current executive board is a short-term cash bonus. The board of directors regularly considers whether to exercise the options of the remuneration policy of offering both annual and multi-annual bonus schemes to the executive board.

### Remuneration to individual members of the executive board 2016-2018

| DKKkm                                 | Salary     | Short bonus | Long bonus | Pension    | Other benefits | Total      |
|---------------------------------------|------------|-------------|------------|------------|----------------|------------|
| Torben Rosenkrantz-Theil <sup>1</sup> | 2.7        | 0.1         | 0.0        | 0.3        | 0.2            | 3.3        |
| Flemming Steen <sup>2</sup>           | 0.8        | 0.0         | 0.0        | 0.0        | 0.0            | 0.8        |
| Ulrik Kolding Hartvig <sup>3</sup>    | 0.5        | 0.0         | 0.0        | 0.1        | 0.2            | 0.8        |
| Marianne Rørslev Bock <sup>4</sup>    | 2.0        | 0.1         | 0.0        | 0.2        | 0.2            | 2.5        |
| <b>Total remuneration 2018</b>        | <b>6.0</b> | <b>0.2</b>  | <b>0.0</b> | <b>0.6</b> | <b>0.6</b>     | <b>7.4</b> |

| DKKkm                          | Salary     | Short bonus | Long bonus   | Pension    | Other benefits | Total      |
|--------------------------------|------------|-------------|--------------|------------|----------------|------------|
| Ulrik Kolding Hartvig          | 3.4        | 0.0         | (0.4)        | 0.4        | 0.2            | 3.6        |
| Marianne Rørslev Bock          | 2.3        | 0.0         | (0.2)        | 0.3        | 0.2            | 2.6        |
| <b>Total remuneration 2017</b> | <b>6.0</b> | <b>0.0</b>  | <b>(0.6)</b> | <b>0.7</b> | <b>0.4</b>     | <b>6.2</b> |

| DKKkm.                         | Salary     | Short bonus | Long bonus | Pension    | Other benefits | Total      |
|--------------------------------|------------|-------------|------------|------------|----------------|------------|
| Ulrik Kolding Hartvig          | 3.3        | 0.6         | 0.4        | 0.3        | 0.2            | 4.8        |
| Marianne Rørslev Bock          | 2.3        | 0.4         | 0.2        | 0.2        | 0.2            | 3.3        |
| <b>Total remuneration 2016</b> | <b>6.0</b> | <b>1.0</b>  | <b>0.6</b> | <b>0.5</b> | <b>0.4</b>     | <b>8.1</b> |

<sup>1</sup> Appointed on 15 March 2018.

<sup>2</sup> Appointed on 18 September 2018.

<sup>3</sup> Resigned on 18 February 2018.

<sup>4</sup> Interim CEO 18 February – 15 March 2018. Resigned on 18 September 2018.

In addition to the above, continuing remuneration of DKK 1.8 million was paid in 2018 in relation to Ulrik Kolding Hartvig.

Bonus relates to accrued bonus for executive board members in respective financial years. The negative bonus in 2017 relates to adjustment of the executive board's three-year bonus programme. The three-year bonus programme was discontinued in 2018 without any costs related.

Hartmann may terminate the executive service agreements of the members of Hartmann's executive board at 12 months' notice. In the event of a change of ownership of a controlling interest in the company, their notice of termination will be extended to 18 months effective from the date of transfer of control. The extended notice will apply for a period of 18 months after the transfer.