

ADOPTED BY THE GENERAL MEETING OF NTG NORDIC TRANSPORT GROUP A/S

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT  
NTG NORDIC TRANSPORT GROUP A/S

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## REMUNERATION POLICY

NTG NORDIC TRANSPORT GROUP A/S

(CVR no. 12 54 61 06)

### 1 INTRODUCTION

- 1.1 This Remuneration Policy (the "Policy") describes the overall guidelines and framework for the total remuneration paid to members of the Board of Directors and the Executive Management of NTG Nordic Transport Group A/S, CVR no. 12 54 61 06 ("NTG"). The Executive Management means only the persons registered with the Danish Business Authority as such.
- 1.2 The guidelines set out in this Policy shall also apply to the same individuals in their capacity as members of the Board of Directors or the Executive Management in companies controlled by NTG.

### 2 OBJECTIVE

- 2.1 The overall objective of this Policy is to ensure transparency in the remuneration of members of the Board of Directors and the Executive Management and to ensure shareholder influence on the guidelines for remuneration of such members.
- 2.2 Further, in line with the principles on which NTG is founded and operated described below, this Policy aims to strengthen attraction, retention and motivation of qualified members of the Board of Directors and the Executive Management and to encourage strong individual performance of such management members.

### 3 OVERALL REMUNERATION PRINCIPLES

- 3.1 One of NTG's cornerstone founding principles is the belief that a key path to success is made of clear and measurable financial incentives for key employees rewarding talent, skill and hard work both on a short-term and on a long-term basis through minority ownership to parts of NTG's business.
- 3.2 This Policy is in line with these principles and promotes and supports achievement of strategic objectives for NTG, inter alia through strong incentive components in the remuneration of members of the Executive Management determined upon achievement of strategic goals laid down by the Board of Directors.

### 4 REMUNERATION OF THE BOARD OF DIRECTORS

#### 4.1 General

- 4.1.1 The remuneration of the Board of Directors shall be in line with comparable companies and must not exceed what is considered reasonable with regard to NTG's financial position.
- 4.1.2 The remuneration of the Board of Directors primarily aims to ensure persecution of NTG's business strategy, including both long-term and short-term goals, and sustainability of NTG and its business.

#### 4.2 Remuneration components

The remuneration of the Board of Directors is composed of the following remuneration components:

- Fixed annual fee, as described in section 4.2.1.

- Additional fixed fee, as described in section 4.2.2.
- Additional ad hoc fee, as described in section 4.2.3.

4.2.1 The **fixed annual fee** is a multiple of the base fee. The base fee is proposed in the beginning of each financial year by the board of Directors and must be approved by the annual general meeting that year. The base fee is paid quarterly in arrears and must never exceed what is considered reasonable with regard to NTG's financial position at all times. The base fee is the same for all members of the Board of Directors.

4.2.2 The members of the Board of Directors may receive an **additional fixed fee** for their work on the Remuneration Committee, Audit Committee and/or Nomination Committee and in any other committee established by the Board of Directors from time to time. The additional fixed fee is a multiple of the base fee. If the Chairman or the Deputy Chairman of the Board of Directors also serves as a member of the Remuneration Committee, the Audit Committee and/or the Nomination Committee, no multiple fee for committee work is payable.

4.2.3 Members of the Board of Directors may receive an **additional ad hoc fee** for tasks carried out on an ad hoc basis outside the scope of the ordinary duties of the Board of Directors. The Chairman shall approve such tasks and determine such additional ad hoc fees prior to the execution of the tasks.

4.2.4 The fixed annual fee, the additional fixed fee and the additional ad hoc fee is to be set within the limits set out below:

<b>Position</b>	<b>Fee (maximum)</b>
<i>Fixed annual fee</i>	
Chairman	3 x base fee
Deputy Chairman	2 x base fee
Ordinary board members	1 x base fee
<i>Additional fixed fee</i>	
Chairman of the audit Committee (chairman)	0.5 x base fee
All other committee members in any committee	0.25 x base fee
<i>Additional ad hoc fee</i>	
Board members carrying out tasks outside the scope of the ordinary duties	1 x base fee

4.2.5 Reasonable expenses, such as travel and accommodation in connection with board meetings as well as relevant training, may be reimbursed by NTG. Further, members of the Board of Directors may be reimbursed for social taxes and similar duties, which are imposed by foreign authorities.

4.2.6 The base fees and any additional fees shall be disclosed in NTG's remuneration report and shall be approved by the general meeting of NTG for each financial year.

4.2.7 No special termination terms or compensation apply in relation to resignation, retention or redundancy. No pension contribution may be paid to members of the Board of Directors.

4.2.8 Members of the Board of Directors may not receive any cash bonuses as part of any cash-based short-term incentive scheme.

## 5 REMUNERATION OF THE EXECUTIVE MANAGEMENT

### 5.1 General

5.1.1 The remuneration of the Executive Management shall always be in line with and competitive to comparable companies and shall be based on NTG's financial position and determined

individually based on the qualifications, performance and responsibilities of the individual members of the Executive Management. The principles applicable for the composition of the Executive Management's salary package are the same that apply to all key employees and employee groups in NTG, namely that a strong and clear financial incentive rewarding an effort that ensures NTG's long-term success while effectively attracting talent and ensuring current employees' commitment to NTG, is an important tool to ensure value creation for NTG's shareholders.

5.1.2 The remuneration, including the composition of remuneration components, of the Executive Management is determined by the Board of Directors in collaboration with the Remuneration Committee.

## 5.2 Remuneration components

5.2.1 The remuneration of the Executive Management may be composed of the following remuneration components:

- Fixed annual salary, see section 5.3.
- Pension and benefits, see section 5.4.
- Incentive-based remuneration, see section 5.5-5.9.
- Extraordinary variable remuneration, see section 5.10.

## 5.3 Fixed annual salary

5.3.1 The fixed annual salary shall be in line with market practice and is subject to annual reassessment by the Board of Directors.

5.3.2 Expenses, such as travel and accommodation imposed as part of their duties as members of the Executive Management as well as relevant training, may be reimbursed by NTG.

5.3.3 The members of the Executive Management receive no remuneration for board positions or directorships held in NTG's subsidiaries or associated companies.

## 5.4 Pension and benefits

5.4.1 Members of the Executive Management may be entitled to receive **pension** contributions by way of a fixed payment to a pension insurance of up to 15 % of the fixed annual salary of each member of the Executive Management. The composition of such pensions for members of the Executive Management is determined on an individual basis by the Board of Directors.

5.4.2 The members of the Executive Management may be entitled to customary and appropriate monetary and non-monetary benefits, including memberships, free car, phone and internet access of an aggregated value of up to 25% of the fixed annual salary of each member of the Executive Management.

## 5.5 Incentive-based remuneration

5.5.1 NTG operates an incentive-based remuneration scheme consisting of variable short-term and long-term incentives. The incentive-based remuneration scheme in NTG is designed to encourage the Executive Management to take ownership and care for NTG's business to the benefit of the shareholders.

5.5.2 The Executive Management's incentive based remuneration consists of:

- a short-term variable cash bonus element (short-term incentive program, "STIP"), see section 5.7, and

- a long-term variable share-based element (long-term incentive program, "LTIP"), see section 5.8.

5.5.3 When determining the composition of the incentive-based remuneration and the ratio between the incentive-based remuneration and the fixed annual salary, the Board of Directors must carefully consider the overall objectives and principles of the Policy always aiming at avoiding undesirable incentives, e.g. encouragement of exaggerated risk-based behaviour for achievement of short-term results.

## 5.6 Key Performance Indicators ("KPI"s)

5.6.1 The annual grant of incentive based remuneration is based on a number of targets/key performance indicators ("KPI") which must be fulfilled before variable remuneration can be received. The KPI's must always be determined in accordance with the following guidelines:

- must always take into account NTG's business strategy, including the long-term goals and value creation for NTG and the shareholders.
- shall consist of clear and measurable criteria.
- must include financial targets, e.g. EBIT, revenue, growth rates, return on invested capital etc. alone or in combination.
- must include non-financial targets, e.g. the realisation of ESG and CSR targets, safeguarding of and compliance with internal procedure and completion of larger internal projects, if deemed appropriate due to the responsibility and duties of the individual member of the Executive Management and NTG's current business strategy.

5.6.2 The KPI's are determined in the beginning of each accounting year to meet NTG's business strategy annually, thus, ensuring that the Policy contributes to NTG's continued growth and thereby also contributes to NTG's sustainability. The KPIs are proposed by the Remuneration Committee and approved by the Board of Directors.

## 5.7 Short-Term Incentive Program (STIP)

5.7.1 NTG's Short-Term Incentive Program ("STIP") is a cash bonus incentive linked to the KPI's for each member of the Executive Management.

5.7.2 The Remuneration Committee evaluates the degree of KPI achievement of each member of the Executive Management annually, and the cash bonus, if any, is paid during the following financial year after approval by the Board of Directors.

5.7.3 For any given financial year, the total value granted under STIP cannot exceed 50 % of the fixed annual salary at the time of grant of any member of the Executive Management.

## 5.8 Long-Term Incentive Program (LTIP)

5.8.1 NTG's Long-Term Incentive Program ("LTIP") is a revolving share-based remuneration linked to the fulfillment of KPI's for each member of the Executive Management over a one-year period.

5.8.2 In line with the historic and current remuneration principles for key employees in NTG, the instrument granted as share-based remuneration under NTG's LTIP is share options. The grant of share options is determined in accordance with the Black & Scholes formula. When exercised, the options will be granted from NTG's treasury portfolio or are purchased in the market if not settled in cash (see clause 5.8.6).

- 5.8.3 Based on the Remuneration Committee's evaluation of the degree of KPI achievement of each member of the Executive Management in the preceding financial year, each member of the Executive Management may be eligible to receive an annual grant of a share-based instrument. The share-based remuneration, if any, is granted in the following financial year upon approval by the Board of Directors.
- 5.8.4 A grant of share-based instruments under the LTIP awards the recipient the right to acquire or subscribe to a specific portion of shares in NTG, at a specific time, and at a price fixed at the date of grant.
- 5.8.5 The following restrictions must apply to the share-based remuneration under the LTIP:
- The share-based instruments are granted free of charge.
  - The exercise price for share-based instruments granted under the LTIP shall be determined on the basis of the average share price of the shares of NTG for the 10-day trading period following the publication of the NTG's annual report.
  - A grant of share-based instruments vests 3 years after the grant date and can be exercised in a period of 2 years after vesting date.
  - Unvested share-based instruments will be forfeited in the event that a member of the Executive Management resigns during the vesting period but maintained if the member of the Executive Management is being terminated without cause (good leaver).
  - For any given financial year, the total value granted under the LTIP to each member of the Executive Management calculated in accordance with the Black & Scholes formula cannot exceed 100 % of the fixed annual salary at the time of the grant.
- 5.8.6 Upon vesting, the holder of the share-based instruments may exercise the option to purchase shares in NTG against payment in cash of the exercise price. NTG may reserve the right to settle share options in cash instead.
- 5.8.7 The Board of Directors will lay down specific terms governing the incentive-based remuneration within the guidelines set out in the Remuneration Policy.
- 5.9 **Reclaim of incentive-based remuneration ("claw-back")**
- 5.9.1 NTG will, under special circumstances, be entitled to reclaim any incentive-based remuneration (both cash-based and share-based) granted to members of the Executive Management if such remuneration was granted on the basis of information which subsequently is found to be manifestly misstated or incorrect or if the Board of Directors under extraordinary circumstances otherwise finds it compelling to reclaim share-based remuneration. Claw-back is possible up to 5 years after the grant of the incentive-based remuneration.
- 5.10 **Total limits for share based remuneration**
- 5.10.1 For any given financial year, the total aggregated number of share based instruments granted to members of the Executive Management cannot exceed 5 % of the total number of shares in the Company.
- 5.11 **Extraordinary Variable Remuneration**
- 5.11.1 In individual cases, the Board of Directors may, at its own discretion, grant a one-off bonus or other extraordinary variable remuneration, e.g. sign-on bonus, extraordinary cash bonus, retention bonus or other incentives, to members of the Executive Management of up to 100%

of the member's fixed annual salary. Such extraordinary grant may be incentive-based and may consist of cash-based and/or a share-based remuneration.

## 5.12 Termination and severance payments

5.12.1 In general, contracts with members of the Executive Management runs without any limit of time but may be terminated by both the member of the Executive Management and NTG. Notices of termination given by NTG to the members of the Executive Management can generally not exceed 12 months, and the notice of termination to be given by the members of the Executive Management to NTG can generally not exceed 6 months. Severance payments in case of termination shall not exceed the aggregate sum of the individual member of the Executive Management's fixed annual salary and pension and benefits for the last 12 months.

## 6 PROCESS FOR DETERMINATION OF POLICY AND HANDLING OF CONFLICTS OF INTERESTS

6.1 All preparatory work with the Policy and determination of the guidelines set out in the Policy is made by the Remuneration Committee in accordance with the rules and procedures set forth in charter for the Remuneration Committee which is available on NTG's website, and the Policy is then subject to the Board of Directors' final approval.

6.2 It is the Board of Directors' assessment that there is no risk of conflicts of interest in connection with the Board of Directors' involvement in the determination or revision of the Policy. This assessment is based on the fact that:

- (i) the remuneration guidelines primarily concerns the remuneration of the Executive Management,
- (ii) the Board of Directors' total remuneration is approved by NTG's shareholders at a general meeting and
- (iii) any material changes to the Policy are also approved by the shareholders at a general meeting.

6.3 These factors minimise the risk of conflicts of interest in connection with the Board of Directors' involvement in the determination or revision of the Policy.

## 7 DEROGATION FROM THE POLICY AND FROM THE PROCEDURE OF ITS IMPLEMENTATION

7.1 NTG will, in exceptional circumstances, be entitled to derogate from the Policy on a temporary basis in order to serve the long-term interests of NTG and the sustainability of NTG and its business.

7.2 When determining if a given situation compromises such exceptional circumstances, the Board of Directors must base its assessment on NTG's business strategy and carefully consider whether the circumstances make it impossible to serve NTG's main long-term goals set out in the business strategy and at the same time pay out remuneration in accordance with the Policy.

7.3 If the Board of Directors assesses that exceptional circumstances necessitate derogation from the Policy in order to serve the long-term interests of NTG and the sustainability of NTG and its business, the following sections of the Policy may be derogated from:

- 4.2.7 (termination terms for members of the Board of Directors)
- 4.2.8 (cash bonuses to members of the Board of Directors)
- 5.4 (the maximum caps for pensions and benefits)
- 5.7.3 (maximum remuneration under the short-term incentive program)



- 5.12 (the general terms of termination and the limit of severance payments)

## **8 APPROVAL AND PUBLICATION**

- 8.1 The Policy has been approved at NTG's annual general meeting on 16 April 2020 and is available on NTG's website on [investor.ntg.dk](http://investor.ntg.dk) for as long as it is applicable.
- 8.2 The Policy shall be presented for the general meeting for approval every fourth year and upon any material changes thereto.

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