

Solar A/S' remuneration policy for the Board of Directors and the Executive Board

Solar A/S ("the Company") remuneration policy for the Board of Directors and the Executive Board registered with the Danish Business Authority includes both fixed and variable remuneration.

The object of the remuneration policy is to ensure common interests between the Company's shareholders and the Company's decision-makers, the decision-makers being the Board of Directors and the Executive Board. Furthermore, the purpose of the remuneration policy is to increase long-term value creation and thereby support the Company's business strategy and resilience. In this connection, it is important that the Company is able to retain and attract qualified management members, among other things, by offering them market-consistent remuneration within the scope of an approved remuneration policy.

When preparing the remuneration policy, the Board of Directors took the Company's other employees' salaries and employment terms into consideration in order to ensure the right balance between the remuneration of management and the Company's other employees.

At the Company's annual general meeting on 13 March 2020, the general meeting approved this remuneration policy, cf. Section 139, subsection 2 of the Danish Companies Act. The remuneration policy is published at www.solar.eu. The remuneration policy must be approved by the Company's annual general meeting at least every four years and if any significant changes are made.

Provided below is an exhaustive description of the remuneration components that form part of the remuneration of the Board of Directors and the Executive Board, the reasons for applying them, and a description of the criteria on which the balancing of the individual remuneration components are based.

Members of the Board of Directors

The remuneration of the members of the Board of Directors should be on the same level as the remuneration in other large Danish undertakings engaged in international activities. The total remuneration of the Board of Directors appears from the Company's annual report and reflects a market-consistent remuneration.

The Board of Directors presents proposals for the remuneration of the Board of Directors. The remuneration of the Board of Directors for the financial year in question is adopted by the annual general meeting under a separate item on the agenda. Proposals for the remuneration of the Board of Directors for the financial year in question are included in the notice of the annual general meeting.

Each member of the Board of Directors receives a fixed annual remuneration. The chairman and vice chairman of the Board of Directors in addition receive an annual allowance for their extended duties corresponding to 200% and 50%, respectively. Serving on the audit committee of the Board of Directors gives the chairman of the Audit Committee the right to receive additional remuneration. The chairman of the Audit Committee receives an allowance corresponding to 50% of the annual remuneration. If a member of the Board of Directors is instructed to carry out specific ad hoc tasks, which are outside the Board of Directors' ordinary duties, this member may be offered an additional fixed remuneration for the work associated with this task, subject to the Board of Directors' prior or subsequent approval.

Expenses such as travel expenses and accommodation in connection with board meetings are refunded as per account rendered.

Members of the Board of Directors, who are not employed in the Solar Group, are compensated for lost income in accordance with the rules set out by the Board of Directors.

In accordance with the recommendations on corporate governance, members of the Board of Directors are not offered share options, subscription rights, favourable shares or other incentive schemes.

Members of the Board of Directors are elected by the annual general meeting for a period of one year at a time.

Members of the Executive Board

The remuneration of the members of the Executive Board should be on the same level as the remuneration in other large Danish undertakings engaged in international activities. The total remuneration of the Executive Board appears from the Company's annual report and reflects a market-consistent remuneration.

The Board of Directors determines the Executive Board's remuneration. The Executive Board consists of executive officers registered as such in the Company.

Remuneration may at the discretion of the Board of Directors consist of the following elements:

- a fixed basic salary,
- non-share-based incentives (such as cash bonuses that may include current, one-off or event-based bonuses) to optimise the Executive

Board's incentive in the short and/or the long term,

- share-based incentives (such as restricted shares, share options, phantom shares or similar instruments) to optimise the Executive Board's incentive in the long term, and
- employee benefits (such as cars, telephones, broadband connections, newspaper subscriptions).

It is the opinion of the Board of Directors that a combination of the above-mentioned remuneration elements contributes towards ensuring that the Company can attract and retain competent executive officers, at the same time encouraging the Executive Board to create value to the advantage of the shareholders – both in the short and in the long term.

As far as possible, the Board of Directors applies the information in the Company's annual report as basis for assessing whether an executive officer meets the profit criteria set for achieving one or more of the variable remuneration elements.

The mutual balance between the types of remuneration is stated below and justified on the grounds that the Board of Directors finds that a combination hereof may be expedient in the efforts to meet the Company's short-term and long-term objectives.

At the same time, the Board of Directors has determined that an equitable ceiling on the incentive-based remuneration must be established in relation to the Company's other employees and the relevant Executive Board member's fixed basic salary, so that for a given year, the total value of the allocated non-share-based incentive remuneration and the allocated share-based incentive remuneration, as a maximum constitutes an amount corresponding to the Executive Board member's annual fixed basic salary at the time of allocation. If allocation takes place for several years, the value may as a maximum constitute an amount corresponding to the Executive Board member's latest approved annual fixed basic salary multiplied by the number of years of the allocation period.

The estimated present value of the share-based incentive remuneration is calculated in compliance with the principles for recognition in the Company's annual report in accordance with the accounting principles applicable at the given time.

If it is found after the allocation of variable components that these were paid erroneously, the Company may reclaim in full or in part variable components.

The Executive Board does not receive remuneration for memberships on the board of directors of the Company's subsidiaries.

Non-share-based incentives

The Board of Directors may allocate to the Executive Board non-share-based incentive remuneration, which may include current, one-off and event-based bonuses. The object of the allocation is to safeguard the creation of value and to achieve the Company's short-term and/or long-term objectives.

Non-share-based incentive remuneration may be obtained in different ways. The remuneration may be based on individual results that have been approved by the Board of Directors and results for the Company or the Solar Group, including results of the primary operations (EBITA) or other key figures.

Share-based incentives

The Board of Directors may allocate to the Executive Board share-based incentives, such as restricted B shares in the Company, the right to acquire a number of B shares (share options) in the Company, phantom shares or similar instruments. The object of the allocation is to safeguard the creation of value and to achieve the Company's long-term objectives.

The allocation of shares or share options takes place annually after publication of the annual report. The allocation may be estimated based on targets set out by the Board of Directors.

The exercise price for share options cannot be lower than the price quoted by the stock exchange for the Company's shares at the issue date. No payment is made for the allocation of shares or share options allocated as part of the share-based incentive remuneration, unless the Board of Directors decides otherwise.

The share-based incentive remuneration initially has a maturity period of no less than 3 years from the date of allocation and must be exercised no later than 5 years after the allocation. Exercise may only take place up to maximum 6 weeks after the publication of the Company's annual report. In special cases, the Board of Directors can decide to grant an exemption.

Shares for the use of complying with obligations in relation to share-based incentive schemes are provided through the Company's existing holding of treasury shares, buy-back of treasury shares or issuing of new shares.

Extraordinary incentives

The Board of Directors may in extraordinary cases discretionarily allocate a one-off bonus or other extraordinary incentive remuneration, e.g. in relation to achievement of specific or extraordinary results, retention bonuses, severance pay, sign-on bonuses, or other types of incentive remuneration in connection with signing on.

The value of such allocations may constitute a maximum amount corresponding to the Executive Board member's annual fixed basic salary.

An allocation may be incentive-based and may consist of cash and/or share-based remuneration.

Pension

The Executive Board may participate in the Company's employer-managed pension scheme. The scheme is set up as a defined contribution scheme. The Executive Board members may choose to deposit cash bonuses into a pension scheme set up by the Executive Board member.

The company has no uncovered pension obligations towards the Executive Board, which have not been placed in private schemes.

Employee benefits / personal benefits

A number of work-related benefits are available to the Executive Board, including company car, free telephone, pc, broadband connection at home and any business-relevant magazine and newspaper subscriptions. The extent/size of the individual benefits is negotiated with the individual Executive Board member.

Also, the Executive Board is covered by the Company's insurance schemes.

The Executive Board's dependants, i.e. such as a cohabiting spouse / a cohabitant on the same officially registered address, alternatively children under the age of 18, are in addition secured up to 6 months' salary in case of the Executive Board member's death while being employed with the Company.

Termination

The Company can terminate the employment at 12 months' notice. A member of the Executive Board can terminate the employment with the Company at 6 months' notice.

In the event of the Executive Board member's own termination or the Company's termination of the employment, a proportionate part of any cash bonus up until the time of the termination of the employment is paid.

If an Executive Board member terminates the employment and this is not due to any material breach of the Company, any share options that have not been exercised must be exercised no later than 10 days after the publication of the first annual report following the termination of the employment. Share

options that have not been exercised will expire automatically and without warning. This may be adjusted in each individual Executive Board member's employment contract.

Severance pay

The Executive Board members' employment contracts provide for severance pay, which, if the Company terminates the employment or the agreement expires, implies payment of up to 12 months' salary, against the Executive Board member to a reasonable extent being available with information during the notice period or until resignation in case of expiry of the agreement. Severance pay is paid upon the expiry of the notice period or upon resignation in the event of expiry of the agreement.

Preparation and change

The Board of Directors is tasked with determining and revising the remuneration policy. The remuneration policy is assessed by the Board of Directors at least once a year.

If the Board of Directors finds the need to revise the remuneration policy, the Board of Directors will prepare a proposal, which is presented to the shareholders for discussion and approval at the Company's annual general meeting.

When revising the remuneration policy, the Board of Directors may consult the Executive Board, however, the Executive Board does not have decision-making power in relation to the remuneration policy. Taking that and the fact that the Board of Directors' remuneration solely consists of a fixed basic salary approved by the annual general meeting into account, the Company's view is that there is no risk of conflicting interests in relation to the Board of Directors' work with the remuneration policy.

Deviation

In special cases, the Board of Directors may deviate from the remuneration policy's maximisation of the value of the Executive Board's variable remuneration if necessary in order to safeguard the Company's long-term interests, and if the Board of Directors agrees. This could for example be in connection with appointing new Executive Board members, which are considered to be of paramount importance to the Company.

Publication

The guidelines will, following the approval by the Company's annual general meeting, be published on the Company's website, www.solar.eu.

This policy was presented to and approved by the annual general meeting on 13 March 2020.

Disclaimer

This policy was published in Danish and English on 13 March 2020. In case of inconsistencies between the Danish and the English versions, the Danish version shall prevail.