

Remuneration policy for the Board of Directors and the Executive Board

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Solar A/S
CVR no. 15 90 84 16

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1 Introduction and object

Solar A/S' ("the Company") remuneration policy for the Board of Directors and the Executive Board registered with the Danish Business Authority has been prepared in accordance with sections 139 and 139a of the Companies Act and 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.

At the Company's annual general meeting on 17 March 2023, 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.

When drafting the remuneration policy and the individual agreements for members of the Executive Board, the Board of Directors takes into account the remuneration and employment conditions of the company's other employees. In the light of the market practice for remuneration in comparable listed companies as well as the responsibilities and duties of the members of the Executive Board in comparison to the responsibilities and duties of other employees, the Board of Directors finds that a suitable balance has been achieved between the remuneration of the employees and the remuneration of the management. The principles for incentive-based remuneration of the Company's employees and of the Executive Board are appropriately balanced. As regards severance terms, the Board of Directors finds that the terms and the relatively longer notice periods applying to the Executive Board reflect market practice and are appropriate as part of the overall remuneration package for the Executive Board.

2 The Board of Directors' remuneration

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.

Each member of the Board of Directors receives a fixed annual remuneration. The chair and vice chair of the Board of Directors in addition receive an annual allowance for their extended duties corresponding to 200% and 50% of the annual remuneration, respectively. Serving on the audit committee of the Board of Directors gives the chair of the Audit Committee the right to receive additional remuneration 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 members' work for the Board of Directors are refunded as per account rendered.

In addition to the fixed annual remuneration, members of the Board of Directors receive a fixed remuneration for each meeting of the Board of Directors or committee meeting attended. For each physical meeting of the Board of Directors attended, a fee of up to 10% of the fixed annual remuneration is payable, while the fee for attending virtual meetings of the Board of Directors represents up to 5% of the fixed annual remuneration. For each physical committee meeting attended, a fee of up to 10% of the fixed annual remuneration is payable, while the fee for attending virtual committee meetings represents up to 5% of the fixed annual remuneration.

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.

3 The Executive Board's remuneration

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

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 remuneration,
- employee benefits (such as car, telephone, broadband connection, newspaper subscription),
- Variable remuneration, including
 - non-share-based incentives (cash bonuses that may include current, one-off or event-based bonuses) to optimise the Executive Board's incentive in the short and/or 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
- Extraordinary incentives that can be both share-based and non-share-based.

In addition to this, there is remuneration of a more individual

nature, such as severance pay or compensation for non-competition clauses.

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.

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.

3.1 Fixed remuneration

Members of the Executive Board receive a fixed annual remuneration determined by individual negotiation and subject to annual reviews.

The fixed annual remuneration must be in line with the market and determined primarily on the basis of the skills, performance, scope of work and the responsibilities attaching to the position of each member of the Executive Board.

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

3.2 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.

3.3. Variable remuneration

Variable remuneration of the Executive Board may consist of either share-based remuneration or cash remuneration.

Variable remuneration must to a wide extent be based on performance in combination with specific performance criteria, and the Board of Directors applies - as far as possible - 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.

At the same time, the Board of Directors has determined that an equitable ceiling on the variable remuneration must be established in relation to the Company's other employees and the relevant Executive Board member's fixed remuneration, so that for a given year, the total value of the variable remuneration (apart from extraordinary incentives as referred to in item 3.3.3) as a maximum constitutes an amount corresponding to the Executive Board member's annual fixed remuneration 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 determined annual fixed remuneration multiplied by the number of years of the allocation period.

3.3.1 Non-share-based incentives

The Board of Directors may allocate to the Executive Board

variable non-share-based 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 variable remuneration will consist of a cash bonus.

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

3.3.2 Share-based remuneration

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.

Such allocation of shares or share options will take 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 allocation 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.

The estimated present value of the share-based incentive schemes is determined on the basis of the principles for recognition in the Company's annual report in accordance with the accounting principles applicable from time to time.

3.3.3 Extraordinary incentives

The Board of Directors may in extraordinary cases - and in addition to the remuneration outlined in items 3.3.1 and 3.3.2 - 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 remuneration at the time of allocation.

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

3.4 Claw-back

If, after the allocation of variable salary components, it is found that these have been earned, allocated or paid on the basis of information that subsequently proves to be incorrect, the Company may demand full or partial repayment.

3.5 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.

3.6 Termination

Members of the Executive Board are employed with no limitation in time but with the right of mutual 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.

If the Executive Board member resigns from the position due to termination, 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.

3.7 Severance pay and compensation for non-competition clauses

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.

Employment agreements for Executive Board members may include non-competition clauses that apply in a period of up to 12 months after the Executive Board member's resignation. If the Company wishes to uphold a non-competition clause after the resignation of an Executive Board member, this may trigger a monthly compensation to the Executive Board member of up to 50% of the fixed remuneration at the time of resignation for up to 12 months.

4 Preparation and change of the remuneration policy

It is the responsibility of the Board of Directors to determine and revise the remuneration policy. The remuneration policy is assessed and approved by the Board of Directors at least once a year.

The Board of Directors has set up a remuneration committee consisting of three members of the Company's Board of Directors. The Board of Directors has defined terms of reference of the remuneration committee's tasks, responsibilities and powers. The applicable terms of reference are available on the Company's website.

The remuneration committee undertakes the background work for the Board of Director's decisions concerning remuneration.

This includes, among other things, assisting in monitoring compliance with the remuneration policy and assessing at least annually whether the remuneration policy is up to date and proposing any changes to the policy.

If the Board of Directors finds the need to revise the remuneration policy, the Board of Directors will prepare and approve 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.

5 Deviation from the remuneration policy

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 remuneration policy will, following the approval by the Company's annual general meeting, be published on the Company's website:

[→ www.solar.eu](https://www.solar.eu)

This policy was submitted to and approved by the general meeting on 17 March 2023.

Disclaimer

The policy was published in both an English language version and a Danish language version on 17 March 2023. In the event of any inconsistency between the two versions, the Danish version prevails.

1 Appendix

Overview of important amendments compared to the previous remuneration policy (as adopted at the 2020 annual general meeting):

- Clarification of how the salary and employment conditions of other employees have been taken into consideration when preparing the remuneration policy and the individual executive board member's employment contracts.
- Addition of a section on the payment of a fixed remuneration to members of the Board of Directors for each meeting of the Board of Directors or each committee meeting that they attend. (Replaces the section on the possibility of receiving compensation for lost income).
- Specification of the parameters taken into account when determining the fixed remuneration for members of the Executive Board as well as addition of a description of the extent to which compensation may be provided to members of the Executive Board for maintaining a non-competition clause.
- Insertion of a brief description of the remuneration committee set up by the Board of Directors and its role, including in relation to proposals for changes to the remuneration policy.

Other changes are deemed to be insignificant changes, including to a large extent clarifications or rephrasing of the wording of the previous remuneration policy.

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