



### **Remuneration policy for TDC's top management (Board of Directors and Executive Committee)**

The total remuneration offered must be competitive both in terms of level and composition and in relation to the national and international market, so that TDC can attract and retain a competent top management which can realise the desired results and development for TDC.

In addition, the remuneration package must be as transparent and uncomplicated as possible and ensure that there is a clear connection between the remuneration and the interests of the shareholders.

The Board of Directors will thus only be paid cash compensation to avoid conflicts of interest in connection with the conclusion of agreements on and the calculation of performance-related remuneration.

The remuneration for the Executive Committee will be composed of a fixed compensation, pension contributions, company car as well as short and long-term performance-related pay elements. The fixed pay elements must be at an attractive level, but not too high because, there should still be a strong incentive for achieving a considerably higher total pay by obtaining the desired results.

The composition of the compensation elements must be based on the need for both results in the individual financial year and for a long-term sound and sustainable development of the company. The Compensation and Nomination Committee is responsible for conducting an annual review of the targets for the variable pay elements.

The short-term performance-related pay element will consist of an annual bonus which may not exceed 100 per cent of the fixed pay and which depends on financial performance as well as operational results.

The long-term performance-related pay element will be a cash-based programme according to which the Executive Committee will be allocated a grant of possible bonus each year, corresponding to a value of up to 36 per cent of the fixed pay. After three years, the bonus will vest, provided that, satisfactory performance has been achieved for financial and/or operational targets set for the 3-year period. The vesting scheme is 0-200 percent depending on performance.

In addition to the above, the Board of Directors may, under special circumstances following recommendation from the Compensation and Nomination Committee approve specific incentives for Executive Committee members on an ad hoc basis, provided that such additional incentives do not exceed 20 per cent of the Executive Committee member's fixed pay and that they only apply for a maximum of one financial year.

2

For the avoidance of doubt, any Management Incentive Plan does not fall within this Policy.

The Executive Committee will be subject to a 'claw-back clause', which means that an Executive Committee member may be ordered to repay all or a part of the performance-related pay paid out up to three years after payment if it turns out that the payment was made on a wrong basis and/or the Executive Committee member was in serious breach of his or her duties under the employment contract.

12 December 2019