



22 June 2016

## **Compensation Committee Mandate and Charter**

### **I Mandate**

The objectives of the Compensation Committee (“the Committee”) shall be to determine the compensation and other conditions of employment for the members of the Group's Executive Committee, and annually to approve the overall principles of the Group's bonus and other short or long term incentives or retention programs. In addition, the Committee shall recommend a remuneration policy (including general guidelines for incentive-based remuneration) for the Board of Directors and the Executive Committee for approval by the Board of Directors prior to approval by the General Meeting and recommend a remuneration policy applicable in general for the employees in the Group for approval by the Board of Directors. Further, the Committee shall propose to the Board of Directors the size of the fee to the members of the Board of Directors. Finally, it is the Committee's task to approve – upon recommendation from the CEO – the acceptance by members of the Group's Executive Committee of paid positions of trust in other enterprises, including non-executive directorships.

The Committee shall ensure that the remuneration to the members of the Group's Executive Committee and proposals to Board of Directors for the members of the Board of Directors' fee are in compliance with the remuneration policy for the Board of Directors and Executive Committee and the assessment of the performance of the persons concerned.

The CEO shall once a year inform the Committee on the compensation levels and the evaluation of the performance of the managers reporting directly to the CEO. Further, the Committee shall be informed of the total amount of remuneration that members of the Board of Directors and the Executive Committee receive from other companies in the Group.

The Committee shall consist of up to six members of the Board of Directors. The members of the Committee, including the Chairman of the Committee, are appointed by and among the members of the Board of Directors at the constituent board meeting immediately after the General Meeting for a period until the next General Meeting. Reappointment is allowed.

The Committee shall when appropriate inform the Board of Directors of the Committee's activities. The Board of Directors may consult the Committee on any matter considered to be of relevance to the Board of Directors' work.

## **II Charter**

### **A. Review of Mandate and Charter**

At least annually, the Mandate and Charter shall be reviewed by the Committee and any changes proposed by the Committee shall be submitted to the Board of Directors for approval.

### **B. Members of the Committee and Term**

The Committee shall consist of up to six members of the Board of Directors. The members of the Committee, including the Chairman of the Committee, shall be appointed by and among the members of the Board of Directors at the constituent board meeting immediately after the General Meeting for a period until the next General Meeting. Re-appointment is allowed.

### **C. Meetings**

The Committee shall meet as often as the Committee deems it appropriate, but at least three times each year. Further the Committee shall meet upon request of a member of the Committee, the Board of Directors or the Executive Committee.

Meetings shall be convened by the Chairman of the Committee at not less than four days' written notice to all members of the Committee and such notice shall include an agenda for the meeting in question. Any written material relating to the individual agenda items shall, to the extent possible, be made available to the members together with the notice convening the meeting.

If deemed appropriate, the Chairman of the Committee can decide that the meetings of the Committee are held by conference call.

If deemed necessary by the Chairman of the Committee, proxy arrangements may be made, under which a member of the Committee in isolated cases may grant a power of attorney to another member where this is appropriate, having regard to the issue to be discussed.

Further, the Chairman of the Committee can decide that a decision of the Committee may be passed following a written procedure. The proposed decision shall be forwarded to the members of the Committee and the Chairman of the Committee shall subsequently seek to obtain a written, oral or electronically transferred statement from all

members of the Committee and subsequently arrange for the recording of the decision in the minute book.

Only members of the Committee are entitled and obliged to attend meetings of the Committee. In order to ensure the Committee's independence and objectivity other members of the Board of Directors and of the Executive Committee respectively can participate in meetings only at the invitation of the Committee, with a view to providing factual information. This includes the CEO, other executives, including the HR Director etc., and is also the case for any external consultants.

Meetings of the Committee shall be subject to the same confidentiality provisions that apply to the Board of Directors.

#### D. Quorum and decisions

Provided the meeting has been duly convened and held, a majority of the members of the Committee shall constitute a quorum. All decisions of the Committee shall be made by a simple majority of the members of the Committee present at a meeting, however, all decisions of the Committee shall be sought to be made unanimously. In the event of equality of votes, the Chairman of the Committee holds the casting vote. Any decision of the Committee in writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

#### E. Minutes of meetings

Minutes of all meetings of the Committee shall be prepared to document the Committee's decisions. The draft minutes shall be sent to the members of the Committee prior to the tenth working day after the meeting date and in addition – as for meetings with participation of the CEO and other executives – to these participants to ensure the precise wording of the minutes. The minutes shall be approved by the Committee at the following meeting. The approved minutes shall be maintained with the books and the records of the company.

#### F. Report to the Board of Directors

The Committee shall, when appropriate, inform the Board of Directors of the Committee's activities. The Board of Directors may consult the Committee on any matter considered to be of relevance to the Board of Directors' work.

An annual self-evaluation of the work and members of the Committee shall be carried out. A report on the self-evaluation shall be forwarded to the Board of Directors and shall be part of the self-evaluation of the Board of Directors.

The Committee and the Chairman of the Committee shall on the basis of the self-evaluation present any suggestions to the Board of Directors regarding improvement of the work of the Committee.

#### G. Publication

The Committee shall contribute to the information regarding the Committee on the company's website and in the company's annual report if the information is included therein. The Committee shall provide the information below to the company's website and the annual report, if relevant. The Committee shall also ensure that the information regarding the Committee on the website and in the annual report, if relevant, is accurate and adequate.

The company's website and annual report, if relevant:

- Inform that the company has established a Committee.
- Inform about the Committee's Mandate and Charter.
- Inform about the Committee's principal activities during the year.
- Inform about the names of the members of the Committee.
- Inform about who are independent members of the Committee.
- Inform about who are members with special qualifications in the Committee.
- Inform about who is Chairman of the Committee.
- Inform about the number of meetings throughout the year.

#### H. Consultants

The Committee may, when deemed relevant, make use of consultants with a view to fulfilling its duties. The company is expected to cover the expenses incurred in connection herewith.

#### I. Remuneration of the members of the Committee

All or individual members of the Committee may receive remuneration in the form of an annual fee. The remuneration shall be approved by the General Meeting in connection with the approval of the ordinary annual fee to the Board of Directors.

Thus approved at the meeting of the Board of Directors of TDC A/S held on 22 June 2016.