Proposal on resolution on guidelines for compensation to senior executives

The board of directors proposes the following guidelines for compensation to senior executives. The senior executives’ team in the Company currently comprises ten senior executives, including the CEO.

The guidelines shall be applied for employment agreements entered into after the annual general meeting and for changes made to existing employment agreements thereafter.

If there are justifiable reasons, the board of directors may deviate from the below remuneration guidelines for senior executives.

Remuneration

The remuneration to the CEO and other senior executives is to reflect CLX’s need to recruit and motivate qualified employees through a compensation package that is on a fair and competitive level.

The remuneration is to consist of the following components:

- fixed base salary;
- short-term variable pay;
- long-term variable pay;
- pension benefits; and
- other benefits and severance pay.

Base salary and variable compensation

The fixed base salary shall reflect the position, qualifications, experience and individual performance and shall be based on market terms.

Variable pay shall be measured against pre-defined financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on the group’s strategic plans. The targets shall be specific, clear, measurable and time bound and be determined by the board of directors.

Variable pay may not exceed 30 percent of the fixed base salary for the CEO and other senior executives.

Long-term variable pay may include share-related incentive programs, see below.

Pensions

The pension contributions for the CEO and other senior executives shall reflect usual market terms, as compared to what is generally applicable to comparable senior executives in other companies, and shall normally be based on defined contribution pension plans.

Other compensation

Other benefits shall primarily consist of health insurance and preventive health care. Other benefits may also include commonly accepted benefits in conjunction with employment or the move abroad of a senior executive.

Share-related incentive programs

The board of directors will each year assess whether to propose a long-term share-related incentive program to the general meeting. At an extraordinary general meeting on 5 December 2016 it was resolved to adopt a share-related incentive program (LTI 2016). The annual general meeting on 18 May 2018 resolved on a new share-related incentive program (LTI 2018) and the board of directors has proposed that the annual general meeting resolves on a new share-related incentive program (LTI 2019). The purpose of offering share-related incentive programs is to align the interests of the senior executives with those of the Company's shareholders. Individual, long-term ownership among key individuals can be expected to stimulate increased interest in the business and its profitability, increase motivation and affinity with the Company.

Termination of employment

If the Company terminates the CEO's employment, a notice period of no more than six months shall apply, and if the CEO terminates the employment, a notice period of six months shall apply.

Between the Company and the other senior executives, a notice period of 3-6 months shall apply both for the Company and the employee.

Deviation from previous years' remuneration guidelines

The guidelines for remuneration to senior executives adopted by the previous annual general meeting of the Company has fulfilled its purpose in a satisfactory manner. Notwithstanding this, in connection with the recruitment of the Company's new CEO, the board of directors deemed that justifiable reasons existed (that is, the ability to recruit a CEO with such experience and skills that can contribute to the Company's continued development and growth) to deviate from the guidelines for remuneration to senior executives adopted by the annual general meeting 2018.

The board of directors have decided to deviate from the guidelines in such a way that the maximum variable pay may not exceed 42 percent of the new CEO's fixed salary during the first year of employment, and thereafter not exceed 30 percent. In addition, Oscar Werner was paid a so-called sign-on bonus in connection with his recruitment as compensation for warrants from his former employer which he has lost when he was employed by the Company.

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The board of directors