

Monitoring and evaluation

The board of directors believes that a compensation model with fixed and variable salary is good and well motivated. In part, such a model forces a discussion of goals and progress toward goals, and partly because the model leads to an adjustment of the real wage outcome in relation to the company's financial results.

The remuneration committee annually monitors and evaluates on-going, and during the year completed, programmes concerning variable remuneration. The remuneration committee also monitors and evaluates current remuneration structures and levels in the company as well as the application of the guidelines for salary and other remuneration to the chief executive officer and other members of the management as established by the annual general meeting.

Variable cash salary for management

The outcome of the previous year's variable salary is monitored and evaluated in February each year.

The remuneration committee monitors and evaluates the fulfillment of targets set for the chief executive officer, which thereafter are established by the board of the directors. The chief executive officer is responsible for the monitoring of other members of the management and he reports to the remuneration committee, which takes the final decision. The targets are both quantitative and qualitative and are based on factors compliant with the company's long-term strategy. During 2014, examples of targets were revenue, profit/loss and operational targets.

Long-term variable remuneration

The remuneration committee evaluates the development of the programme for long-term variable remuneration regularly throughout the year.

In the beginning of 2016, the remuneration committee will thoroughly evaluate the long-term share based programme for variable remuneration to the CEO and certain members of the management. The evaluation will be conducted from three perspectives: the steering effect of the programme, effects on shareholder value and effects on commitment.

Variable cash salary other staff

The board of directors considers it important to motivate, retain and recruit qualified employees to the company by offering the employees the opportunity to participate in the company's success. This is partly achieved as all employees may receive one to two months' additional salary. Outcome is based on performance goals. The goals are both qualitative and quantitative and based on factors in accordance with the Company's long term strategy. During 2014, examples of targets were revenue, profit/loss and operational targets. The management team monitors and evaluates achievement.

Guidelines for salary and other remuneration

The remuneration committee evaluates the guidelines for salary and other remuneration to the chief executive officer and other members of the management regularly throughout the year. In order to carry out the evaluation, the remuneration committee collects information from the chief executive officer, the human resources manager and external advisors. The compliance with the guidelines is also annually audited by the company's auditor. The internal and external information facilitates assurance that the remuneration in the company is in line with market conditions and competitive. In order to determine what constitutes a total remuneration in line with markets conditions and to evaluate the current remuneration levels, comparative studies of relevant industries and markets are carried out every year. The outcome of such studies is an important factor when determining the total remuneration for the management and other employees.

The board of directors considers, based on, *inter alia*, the evaluation carried out by the remuneration committee, that the proposal which is presented to the annual general meeting 2015, and which in all material respects correspond to what was approved at the annual general meeting 2014, constitutes an appropriate balance between fixed cash salary, one year cash salary, long-term share based salary, pension and other remuneration and benefits.