

Annex 1 to the notice convening the Annual General Meeting of  
27 November 2014

# OVERALL GUIDELINES FOR INCENTIVE- BASED REMUNERATION FOR CHR. HANSEN HOLDING A/S' MANAGEMENT

November 2014

## 1. Introduction

In accordance with section 139 of the Danish Companies Act, the Board of Directors of Chr. Hansen Holding A/S ("Chr. Hansen" or the "Company", and jointly with its subsidiaries, the "Group") has adopted these overall guidelines governing incentive-based remuneration for the management of Chr. Hansen.

The members of Chr. Hansen's Board of Directors receive a fixed fee only and do not receive any incentive-based remuneration. Therefore, these guidelines concern Chr. Hansen's Executive Board only, i.e. the executive officers registered with the Danish Business Authority as executive officers of Chr. Hansen.

## 2. General principles

### 2.1 Objectives

The objective of Chr. Hansen's incentive-based remuneration is to promote the creation of value in the Group and support the Group's long-term and short-term objectives. The incentive-based remuneration shall seek to attain a suitable alignment of the interests of the Executive Board and those of the shareholders and to ensure that Chr. Hansen is able to maintain and attract highly qualified executive officers.

### 2.2 The nature of the incentive-based remuneration

The incentive-based remuneration for the Executive Board of Chr. Hansen may at the sole discretion of the Board of Directors comprise any kind of variable remuneration, including non share-based bonus agreements and share-based remuneration comprising e.g. matching shares, share options, or conditional share rights/share allocations ("restricted share units" or "RSUs"). The incentive-based remuneration may be granted on an ongoing or ad hoc basis or in relation to specific events.

### 2.3 Award and vesting criteria

The Board of Directors has established a Remuneration Committee which annually evaluates the Executive Board's remuneration. The decision to introduce incentive-based remuneration, including the size and the composition of the remuneration, is made on the basis of what the Remuneration Committee and the Board of Directors deem suitable in order to support and promote Chr. Hansen's short-term and long-term objectives in consideration of the aim to create a suitable alignment of the interests of the Executive Board and those of the shareholders.

The size of the incentive-based remuneration is subject to restrictions, as further described below. The level of the Executive Board's remuneration is assessed on an ongoing basis in the light of the remuneration level in other Danish large-cap companies with international activities. At the recommendation of Chr. Hansen's Remuneration Committee, the Board of Directors determines the performance targets for each member of the Executive Board. These targets may relate to general business matters, such as strategic and financial objectives, or to individual matters for each executive officer. The award and vesting of incentive-based remuneration may - depending on the nature of the incentive-based remuneration - be linked to the attainment of fixed performance targets. The vesting periods are decided by the Board of Directors in consideration of the fixed specific performance targets.

### 2.4 Adjustment and repayment of incentive-based remuneration

For the various types of incentive-based remuneration, the Board of Directors may lay down specific terms governing the lapse of the scheme or repayment of the incentive-based remuneration, including lapse in the event that the executive officer resigns, or repayment/claw-back in the event of errors in the accounting figures or other basis for award or vesting under the scheme. Moreover, the Board of Directors may decide that specific terms shall apply for accelerated vesting or exercise as well as for adjustment of incentive-based remuneration in case of a take-over in whole or in part, significant divestiture of activities, demerger, merger or other business combination involving Chr. Hansen. Finally, the Board of Directors may lay down terms governing adjustment of the exercise price, performance targets, etc. in the event that Chr. Hansen's capital structure is changed, or in the event of other material events that would otherwise influence adversely the value or effect of the incentive-based remuneration.

## 3. Short-term incentive program

Members of the Executive Board may be granted bonuses on an annual basis conditional upon achievement in whole or in part of certain individual performance targets related to the relevant financial year ("KPIs").

The defined KPIs may comprise business targets for the entire Group, for one or more divisions, for one or more Group companies and/or for the individual executive officer personally, as well as targets concerning the occurrence of specific events. The grant of bonuses primarily supports the Company's short-term objectives.

Bonuses may as further determined by the Board of Directors be paid out in cash and/or in the

form of RSUs.

RSUs will vest over a period of up to three years as specified by the Board of Directors. The board may decide that a proportionate share of the RSUs vest each year during the period. After vesting, the holder of RSUs has four weeks in the first open trade window to exercise the RSUs. Each vested RSU carries a right to purchase one (1) share in Chr. Hansen against the payment of DKK 1 or another price as determined by the Board of Directors that may be lower than the market price at the time of award.

The aggregate value of the bonus granted as cash payment or in the form of RSUs may not exceed 120% of the annual base salary of the executive officer in the year of award, excluding pension and other accessory payments.

The value of the RSUs is calculated as described in the Company's Annual Report.

Chr. Hansen intends to buy back shares in order to cover its obligations in relation to the awarded RSUs.

#### 4. Long-term incentive program

##### 4.1 Matching shares

To support the Company's long-term objectives, members of the Executive Board may as a part of their remuneration be invited to participate in a matching shares program. The program will require the executive officer to purchase existing shares in Chr. Hansen (the "investment shares") and retain ownership of the shares for a predefined holding period of no less than three years. Upon expiration of the holding period and subject to fulfillment of certain predefined performance targets, the executive officer will be entitled to receive a predefined number of additional shares per investment share (the "matching shares").

The number of matching shares that may be received will be determined in advance based on specific performance targets defined by the Board of Directors. The performance targets may comprise business targets for the entire Group, for one or more divisions, for one or more Group companies and/or for the individual executive officer personally, as well as targets concerning the occurrence of specific events. The performance targets may concern the year of acquisition of the investment shares and/or subsequent financial years and may define different levels of achievement.

Apart from satisfaction of the performance targets, receipt of any matching shares is conditional upon the executive officer:

- Having acquired a minimum of investment shares corresponding to a certain percentage of the annual base salary of the executive officer.
- Having retained ownership of the investment shares throughout the holding period.
- Being employed with the Group upon expiration of the holding period or having left the Company prior thereto as a good leaver (as defined by the Board of Directors).

The number of investment shares required for participation in the program in any given year will be determined by the Board of Directors.

The value of the right to potentially receive matching shares may not at the time of award exceed 100% of the executive officer's base salary excluding pension and other accessory payments in the year of award. The value will be calculated according to a relevant method as applied by Chr. Hansen in its Annual Report and will be described in Chr. Hansen's Annual Reports on an ongoing basis.

The investment shares to be held by the executive officer may either be acquired on NASDAQ OMX Copenhagen A/S at market price in an open trading window, or constitute shares already owned by the relevant executive officer.

Chr. Hansen intends to buy back shares in order to cover its obligations in relation to the awarded matching shares.

#### 4.2 Share options (no new ordinary grants of share options will take place after 27 November 2014)

Share options (the "options") granted under Chr. Hansen's share option scheme(s) allow recipients to purchase or subscribe for shares in Chr. Hansen.

Vesting of the options is subject to the attainment of a number of performance targets fixed in advance that may concern the current or future financial years. The performance targets comprise business targets for the entire Group, for one or more divisions, for one or more Group companies and/or for the individual executive officer personally, as well as targets concerning the occurrence of specific events.

Vesting periods are determined by the Board of Directors and are at least three years. After vesting, the options may be exercised within a period of at least three and at most six years as determined by the Board of Directors at the time of award. The exercise price corresponds to at least 110% of the market price at the time of award, potentially calculated as an average price during a reasonable period preceding the time of award. Hurdle rates may apply pursuant to which the exercise price will increase within the framework of a scheme defined in advance.

The value of options awarded may not at the time of award exceed 100% of the executive officer's base salary excluding pension and other accessory payments in the year of award. The value of the awarded options will be calculated according to Black-Scholes (or another relevant method as applied by Chr. Hansen in its Annual Report) and will be described in Chr. Hansen's Annual Reports on an ongoing basis.

Chr. Hansen buys back shares to cover its obligations in relation to awarded options.

## 5. Award of extraordinary incentive-based remuneration

In order to meet the overall objectives for Chr. Hansen's incentive-based remuneration programs,

the Board of Directors may in individual cases decide to award a one-off bonus or other extraordinary incentive-based remuneration, e.g. retention bonus, severance payment, sign-on bonus or other schemes in connection with appointment. Such extraordinary awards may be incentive-based and may consist of cash and/or share-based remuneration. Depending on the circumstances, the Board of Directors may decide whether award and/or vesting should be subject to the attainment of certain performance targets.

The value of extraordinary awards may not at the time of award exceed an amount corresponding to 200% of the executive officer's annual base salary in the year of award.

## 6. Publication of these guidelines

These guidelines have been considered and approved by the shareholders in Chr. Hansen Holding A/S at the ordinary Annual General Meeting held on 27 November 2014, and replace the guidelines approved at the ordinary Annual General Meeting held on 29 November 2011.

The guidelines will be published on Chr. Hansen's website, [www.chr-hansen.com](http://www.chr-hansen.com).

The guidelines apply to agreements concerning incentive-based remuneration entered into after the publication of the guidelines on Chr. Hansen's website.

