Remuneration Policy for
Chr. Hansen Holding A/S

1. Introduction

The Board of Directors of Chr. Hansen Holding A/S ("Chr. Hansen" or the "Company", and jointly with its subsidiaries, the "Group") has adopted this Remuneration Policy (the "Remuneration Policy") applicable to the Company's Board of Directors and Executive Board. The Executive Board includes all the executives registered as executives with the Danish Business Authority.

The Remuneration Policy is prepared in accordance with sections 139 and 139a of the Danish Companies Act and the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance.

This Remuneration Policy replaces the Remuneration Policy for Chr. Hansen Holding A/S adopted at the Annual General Meeting held November 28, 2017 and the Overall guidelines for incentive-based remuneration for Chr. Hansen Holding A/S' management adopted at the Annual General Meeting held November 26, 2015.

The Remuneration Policy forms the basis for the framework governing remuneration of the Company's Board of Directors and Executive Board.

2. General principles

2.1 Overall objectives

The remuneration of Chr. Hansen's Board of Directors and Executive Board shall contribute towards ensuring that the Company is able to attract and retain highly qualified members to its Board of Directors and Executive Board. The remuneration and its composition shall be structured so as to create a suitable alignment of the interests of management and those of the shareholders. In this context, the remuneration shall contribute towards promoting the strategy, long-term sustainability and creation of value in the Chr. Hansen Group by supporting the Group's long-term and short-term objectives.

2.2 Incentive Pay

Incentive pay forms an integral part of remuneration to the Executive Board. The incentive-based remuneration shall be specifically designed to 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 attract and retain highly qualified executive officers. Any decision to introduce incentive-based remuneration, including the size and the composition of the remuneration, shall be made on the basis of what the Remuneration Committee and the Board of Directors deem suitable to promote abovementioned objectives. The Executive Board's remuneration, including the nature and level of incentive pay, is assessed on an ongoing basis in the light of the remuneration level in other Danish large-cap companies with international activities as well as European companies, which operate within similar industries as the Company.

2.3 Performance targets

Generally, incentive-based remuneration shall be subject to the achievement of certain performance targets. The Board of Directors determines the performance targets for each member of the Executive Board and in respect of each incentive program based on recommendations from Chr. Hansen's Remuneration Committee. The performance targets shall reflect the Group's business targets, which may be both financial or non-financial and which may relate to the entire Group, to one or more business areas/divisions, to one or more Group companies, to the performance of the individual executive officer, and/or to the occurrence of specific events. When defining the performance targets the Board of Directors shall take into account the incentive programs' effect not only in relation to the Company's performance, but also in relation to its long-term sustainability. In this respect, the Board of Directors shall ensure that the incentive programs do not promote unnecessary risk taking or contravene the Company's overall CSR policies and objectives. The performance targets actually applied for each incentive program will be described in general terms in the Company's Remuneration Report.

The level of achievement of individual performance targets and thus the size of remuneration payment to the individual Executive Board member shall in each case be determined by the Board of Directors based on recommendations from the Remuneration Committee.

2.4 Relationship to remuneration paid to employees

In preparing the Remuneration Policy and the individual executive employment contracts, the Board of Directors takes into account the pay and employment conditions of the Company's other employees. The Board of Directors considers an appropriate balance between employee and management remuneration is achieved, considering both market practice for remuneration in comparable listed companies and considering the responsibilities and duties of the members of the Executive Board compared to other employees.

The principles for short-term incentives for key employees in the Company and for the Executive Board are aligned.

Long-term incentive programs are not generally offered to the Company's other employees. The Board of Directors finds that the long-term incentive program outlined herein is appropriate and required in order to align the interests of those with management responsibilities with the interests of the Company and its shareholders. For the same reason, this long-term incentive program outlined herein is also extended to the Company's broader Corporate Leadership Team (CLT).

With regard to terms of resignation, the Board of Directors considers that the comparatively longer resignation periods for the members of the Executive Board reflect market practice and are appropriate as part of the overall remuneration package to the members of the Executive Board.

2.5 Conflicts of Interests

In order to avoid conflicts of interest in relation to the remuneration of the Board of Directors, the Remuneration Policy and the remuneration of the Board of Directors shall be approved by the General Meeting. In respect of the Executive Board, the remuneration shall in each case be based on the recommendations of the Remuneration Committee and shall be approved by the Board of Directors. The Company and the Remuneration Committee shall use external advisers that are not the same as those used by the Executive Board.

3. Principles for the Board of Directors' remuneration

Members of the Company's Board of Directors receive a cash fee but no incentive-based remuneration.

The remuneration is composed of a fixed annual base fee that is the same for all Board members. In addition, the Chair and the Vice Chair of the Board of Directors, and the Board members that are either chair or a member of a permanent committee, receive an annual supplementary fee.

The amount of the fixed annual base fee and supplementary fees for the current financial year must be approved by the General Meeting based on a proposal from the Board of Directors. The Board of Directors' proposal is fixed on the basis of the Remuneration Committee's recommendations. The Remuneration Committee's recommendations must be based upon market practice, the scope and nature of the work and the qualifications required.

If the Board of Directors instructs a Board member to perform specific tasks on an ad hoc basis, which fall outside the scope of the Board of Directors' ordinary duties, the Board member in question may – subject to the prior or subsequent approval of the General Meeting – receive separate supplementary remuneration in this regard.

In addition to the above fees, the Company pays social security duties and similar taxes imposed by foreign authorities in relation to the Board members' fees. The Company reimburses Board members for relevant expenses, such as travel and accommodation, in connection with Board and committee related meetings as well as relevant education. In addition, Board members receive a fixed travel allowance in connection with travel to Board and committee related meetings outside their country of residence.

Information on remuneration paid to the Board of Directors is disclosed in the Company's Remuneration Report.

Each Board member elected by the General Meeting must not later than 12 months after the appointment to the Board of Directors purchase shares in the Company corresponding to an amount of at least one year's base fee. The Board member must pursuant to an internal process maintain a shareholding corresponding to at least one year's base fee for as long as he/she is a member of the Company's Board of Directors.

4. Principles for the Executive Board's remuneration

4.1 Base salary, benefits, resignation and pension

Each member of the Executive Board receives an agreed base salary with addition of pension contribution subject to annual reassessment.

Executive Board members receive pension contributions equal to 20% of base salary. The pension contributions are paid to the Company's designated third party pension providers. The third party pension contribution schemes arranged by the Company are offered on market terms and do not involve any pension payment obligations on the part of the Group.

The Remuneration Committee makes recommendations to the Board of Directors with regard to the base salary. The Remuneration Committee's recommendations must be based on market practice, the scope and nature of the work, the qualifications required and the performance of each individual executive officer. In addition, Chr. Hansen's interest in attracting, motivating and retaining qualified executive officers must in general be taken into account.

Members of the Executive Board may be granted certain ordinary employment benefits, e.g. company car, insurance, newspaper, free telephone and internet access. Depending on the Executive Board members' individual circumstances, Executive Board members may also receive relocation related benefits such as housing allowance, school tuition fee allowance and reimbursement of tax and other relocation costs. The employment benefits and any additional relocation related benefits represents only a relatively small proportion of total remuneration expenses and will typically not exceed 20% of the base salary of the individual executive.

The Board of Directors determines the specific employment terms in relation to resignation based on the Remuneration Committee's recommendations. The ordinary notice period on the part of the Company cannot exceed 18 months. The individual executive officer may terminate his/her employment subject to at least an ordinary notice period of 12 months. The Company does not apply extended notice periods in the event of change-of-control or similar structural changes. The aggregate severance pay, including salary during notice periods (but excluding any incentive programs granted prior to termination), cannot exceed an amount corresponding to the remuneration paid for the two preceding years (also excluding any incentive remuneration granted prior to the two-year period).

4.2 Incentive-based remuneration

Members of the Executive Board may be offered incentive-based remuneration in accordance with the principles set out below.

The incentive-based remuneration for the Executive Board of Chr. Hansen may at the sole discretion of the Board of Directors comprise (i) any kind of cash bonus agreement, (ii) grant of restricted share units ("RSUs"), i.e. rights to receive shares against no or only nominal consideration, (iii) matching shares or (iv) extraordinary incentive-based remuneration as a one-off bonus (see clause 4.5).

The incentive-based remuneration may be granted on an ongoing basis (rolling grants) and, if considered relevant by the Board of Directors, on an ad hoc basis in relation to specific events.

When determining the composition of the incentive-based remuneration and the ratio between the incentive-based remuneration and the base salary, the Board of Directors must carefully consider the overall objectives of the Remuneration Policy and aim to avoid undesirable incentives for the Executive Board.

4.2.1 Short-term incentives in the form of Cash bonus and/or RSUs

Members of the Executive Board may be granted short-term incentives on an annual basis conditional upon achievement in whole or in part of certain individual performance targets related to the relevant financial year.

The performance targets will in accordance with clause 2.3 above be defined by the Board of Directors (based on recommendations from the Remuneration Committee) and shall primarily relate to and support the Company's short-term objectives.

Short-term incentives may as further determined by the Board of Directors be paid out in cash and/or in the form of RSUs. The allocation option(s) between cash and RSU's will be determined by the Board of Directors and set out in the individual short-term incentive agreement, provided that a minimum of one third (1/3) of the earned short-term incentive will be granted in the form of RSUs. RSUs will vest two years after grant as further specified by the Board of Directors.

The target value of the total short-term incentive granted as cash payment or in the form of RSUs, when meeting target performance, may not exceed 85% of the annual base salary including pension for the chief executive officer, and 70% of the annual base salary including pension for the other members of the Executive Board, in the year of the award.

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The maximum value of the total short-term incentive granted as cash payment or in the form of RSUs may not exceed 120% of the annual base salary including pension for the chief executive officer, and 95% of the annual base salary including pension for the other members of the Executive Board, in the year of the award.

The value of the RSUs is calculated as described in the Company's Remuneration Report. Chr. Hansen intends to buy back shares in order to cover its obligations in relation to the awarded RSUs.

4.2.2 Long-term incentive in the form of 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 ending no later than at the expiration of the last financial year in the relevant reference period (which will cover at least three financial 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 matching shares program includes not only members of the Executive Board but also members of the Chr. Hansen Corporate Leadership Team.

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 in accordance with clause 2.3 above. The performance targets shall primarily relate to and support the Group's long-term objectives. As a main rule the targets shall cover a minimum period of three financial years, provided that with regard to newly recruited members of the Executive Board, the year of employment may count as the first financial year notwithstanding that the person has only been employed for part of the year, subject to a minimum of six months.

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 including pension of the executive officer, in the year of award.
- 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 expected value of the right to potentially receive matching shares may not at the time of award exceed 80% of the chief executive officer's annual base salary including pension, and 60% of the annual base salary including pension for the other members of the Executive Board, in the year of award. The expected value is calculated as fair value based on achieving the target on all financial KPIs and a mid-range TSR performance (where applicable). Fair value is calculated as applied by Chr. Hansen in its Remuneration Report. The maximum value at time of grant may not exceed 125 % of the chief executive officer's annual base salary including pension, and 90% of the annual base salary including pension for the other members of the Executive Board, in the year of award.

The investment shares to be held by the executive officer may either be acquired on Nasdaq Copenhagen or other trading venues 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.

4.3 Adjustments
For all incentive-based remuneration, 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.

4.4 Claw-back
The terms and conditions of the various types of incentive-based remuneration shall include 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/clawback in the event of errors in the accounting figures or other basis for the award or vesting under the scheme.

4.5 Deviations from the policy - 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 extraordinary cases and when considered to be in the Company's interest decide to award a one-off bonus, retention bonus, severance payment or a sign-on bonus in connection with recruitment, in each case disregarding the principles relating to the Company's regular incentive programs set out in clauses 4.2.1 and 4.2.2. Such extraordinary awards may consist of cash and/or share-based remuneration and may or may not include performance criteria.

The value of extraordinary awards may not at the time of award exceed an amount corresponding to 85% of the executive officer's annual base salary including pension in the year of award, provided that the award may be increased by an additional 85% of the executive officer's annual base salary including pension in the year of award to the extent such increase relates to a sign-on bonus or other schemes in connection with recruitment.

4.6 Information on remuneration

Information on remuneration paid to the Executive Board, including information on base salary, pension, incentive-based remuneration as well as the Remuneration Policy, will be disclosed in Chr. Hansen's Remuneration Report.

5. Adoption, publication, review and amendment of the Remuneration Policy

The Remuneration Policy has been adopted by the Board of Directors and approved by the shareholders of Chr. Hansen Holding A/S at the Annual General Meeting held on November 27, 2019. The Remuneration Policy is applicable to incentive programs with respect to the financial year 2019/20 and subsequent financial years.

The Remuneration Policy is available on the Company's website www.chr-hansen.com, where the date of adoption also appears.

The Remuneration Policy will be reviewed on an annual basis by the Board of Directors' Remuneration Committee. All changes to the Company's Remuneration Policy must be adopted by the Board of Directors. Material changes must be approved by the Company's shareholders at a General Meeting.

The Remuneration Policy must be approved by the General Meeting at least once every 4 years.