



NORDEN – Annual General Meeting 12 April 2018

Appendix A Re. agenda item F.1)

Adoption of general guidelines for incentive-based remuneration of the Board of Directors and the Executive Management in NORDEN pursuant to section 139 of the Danish Companies Act.

At the annual general meeting on 12 April 2018, the Board of Directors will present the following proposal for a remuneration policy which, in addition to guidelines regarding incentive-based remuneration, also describes the fundamental principles in NORDEN's total remuneration of the Board of Directors and the Executive Management.

If adopted, the proposed remuneration policy will replace the guidelines for incentive-based remuneration, etc. adopted at the annual general meeting on 23 April 2014.

Remuneration policy and general guidelines for incentive-based remuneration of the Board of Directors and the Executive Management

1. General principles

The principles in NORDEN's remuneration policy reflect the Company's objective of attracting and retaining competent managers, which is essential in order for the Company to create long-term value for its shareholders.

The chosen principles in the remuneration policy ensure both short and long-term convergence of interests between the Board of Directors, the Executive Management and the Company's shareholders.

The allotment of incentives will be made with due regard to the Company's results and targets, competitive environment, market situation and outlook, purpose of the individual instruments and, where relevant, personal performance. The administration of incentives ensures that the incentive-based remuneration does not lead to carelessness, unreasonable conduct or inexpedient acceptance of risk.

The Board of Directors decides on the implementation of NORDEN's remuneration policy, including incentive-based remuneration. Every year, following the remuneration committee's recommendation, the Board of Directors determines the framework of the remuneration for the Executive Management, including incentive-based remuneration and other contractual terms. Upon recommendation by the remuneration committee, the Board of Directors sees to it that the total remuneration reflects the Company's needs, results and challenges and that the remuneration ensures that the Company is able to recruit and retain competent managers in a global industry. This is essential in order for the Company to obtain the maximum return on its considerable and continuous investments.

NORDEN describes the remuneration policy, including the estimated value of the incentive-based remuneration in the annual report, which will be submitted for adoption at the annual general meeting.

2. Remuneration principles for the Board of Directors

Members of the Board of Directors receive a fixed annual fee. In addition, the chairman and vice chairman receive a supplement. Participation in committees of the Board of Directors entitles members to an additional fixed annual fee. In addition, remuneration for efforts beyond what can naturally be expected of members of the Board of Directors can be granted in extraordinary cases. Total remuneration of the Board of Directors is disclosed in the annual report and will be considered at the general meeting where the Board of Directors will also give an account of its proposal for remuneration in the coming financial year. Remuneration is determined following comparison with remuneration in other international shipping companies and major Danish listed companies as well as on the basis of an assessment of scope and nature of the work.

At present, the Board of Directors does not receive incentive-based remuneration.



3. Remuneration principles for the Executive Management

Remuneration for the Executive Management may consist of the following components:

- Fixed salary with possible pension scheme
- Accessory benefits such as car, telephone, papers, etc.
- Cash bonus and
- Restricted shares
- Share options
- The Executive Management's terms of notice are determined on the basis of market practice, and in addition, the Executive Management has special rights following a change of control. The essential content of the terms of retention and termination of the Executive Management is disclosed in the annual report.

Fixed salary

NORDEN aims to offer a competitive fixed salary that is appropriate for a company of NORDEN's size in consideration of bonus and share option schemes. Salaries are reviewed annually by the Board of Directors and are negotiated ordinarily in February. The total fixed salary of the Executive Management is disclosed in the annual report.

Cash bonus

Individual cash bonuses are meant to motivate the Executive Management to make an extra effort by rewarding good results of initiatives within the Company's risk management framework and strategy.

Bonus for members of the Executive Management is either determined

1. at the discretion of the Board of Directors in the light of results, competitive environment, market situation and outlook as well as personal performance, or
2. on the basis of a bonus agreement. Bonus agreements for the Executive Management or individual members of the Executive Management are made in consideration of market practice and the competitive environment and will, as a main rule, be subject to reaching specific targets, which according to the assessment of the Board of Directors are significant in order to ensure value creation for the shareholders. Bonus agreements can also include retention schemes.

The Board of Directors may decide that the Executive Management is covered by collective bonus schemes.

The total cash bonus of each member of the Executive Management cannot amount to more than 200% of the member's fixed annual salary.

The annual report contains information on the total bonus allotment of each member of the Executive Management as well as a specification of any incentive schemes.

The allotment of bonus to the Executive Management is on the condition that if, after allotment or payment of bonus or other variable pay, the Company can document that this has taken place based on incorrect information, the Company is entitled to demand repayment either in full or partially.

Restricted shares and share options

To promote the long-term community of interests between the Executive Management and the shareholders, the Board of Directors may allot restricted shares and/or share options to the members of the Executive Management on an annual basis. The restricted shares and share options can only be exercised following a vesting period of minimum 3 years from the time of granting, and the exercise price is calculated as the market price on the grant date with a certain supplement to ensure that the share options will not be of value to the recipients until the shareholders are guaranteed a return on their investments. The exercise price is adjusted for distributed dividends.

The Board of Directors determines the size of the supplement to the exercise price as well as the term of the exercise period.

The options are mainly covered by treasury shares.

The number of allotted options is determined by the Board of Directors upon recommendation by the remuneration committee on the basis of the fixed salary of the individual member of the Executive



Management. At the time of granting, the value of the allotted restricted shares and share options may have a total value of up to 150% of the fixed annual salary of each member of the Executive Management.

The value of the share options is calculated according to recognised market criteria, and the number of allotted options to each member of the Executive Management as well as the estimated value at the time of granting are disclosed in the annual report.

The Executive Management is obliged to reinvest a minimum of 25% of any net gain from the share options in NORDEN shares and to retain their shareholdings for a number of years. The reinvestment part as well as the term of years may be modified by the remuneration committee of the Board of Directors.

4. Publication and commencement

Subject to adoption at NORDEN's annual general meeting on 12 April 2018, this document will be published on NORDEN's website (www.ds-norden.com/investor/corporategovernance) as soon as possible, see article 11a.1 of NORDEN's Articles of Association. The date of adoption of the guidelines at the annual general meeting will also be disclosed on the website.

In case a general meeting amends the guidelines at a later date, the amended guidelines will be published on NORDEN's website in the same manner.