

Remuneration report 2016 · Executive Management

The Board of Directors believes that a combination of fixed and performance-based pay to the Executive Management helps ensure that the company can attract and retain key employees. The Executive Manage-

ment is paid partly through variable performance-based elements to motivate performance, align with short- and long-term business targets, and to enable flexible remuneration costs.

<p>Fixed salary</p> <p>The fixed salary is based on market level to attract and retain talented executives with the required competencies.</p>	EUR 4.3m – compared to EUR 4.2m in 2015.
<p>Cash bonus</p> <p>The bonus scheme is based on the results for the year and is paid out annually after adoption of the annual report for the relevant financial year.</p> <p>The bonus pay-out-level is defined by a weighted target achievement and is capped at a certain percentage of the fixed salary with the target and maximum pay-out levels set at 50 percent and 75 percent of the annual base salary, respectively.</p> <p>The bonus scheme is based on target achievement of a number of parameters, including financial key performance indicators like EBIT as well as any other targets approved by the Board of Directors. No pay-out will be made if the target for EBIT is not met at the defined minimum acceptable performance level.</p> <p>The members of the Executive Management will not receive any extraordinary compensation in the event of termination in connection with a change of ownership of the company's voting majority or if the company is dissolved through a merger or demerger. The Executive Management's notice of termination will, however, be extended to 36 months.</p> <p>There is no agreed redundancy pay or compensation for voluntary or non-voluntary termination.</p>	EUR 3.1m – compared to EUR 2.8m in 2015.
<p>Share-based incentives</p> <p>The focus of the share-based programme is to retain executive talent and create long-term shareholder value.</p> <p>The targets may be based on financial key performance indicators as well as the Group's market share as defined by the Board of Directors. For any financial year, the number of shares to be granted to the combined Executive Management may amount to a total of 120,000 performance shares based on an initial target level. The programme is based on three performance years.</p> <p>The maximum size of the grant is 150 percent of the target, corresponding to a total grant to the Executive Management of 180,000 performance shares. The number of shares available for grant may be adjusted in the event of changes in the company's capital structure. The performance shares will be granted in two portions; the first half of the shares will be granted after the three performance years following the disclosure of the programme and the second half of the shares will be granted five years after the disclosure, with the total grant size based on the results in the three performance years. If the minimum requirements for financial performance are not met, there will be no grant of performance shares.</p>	97,467 shares – compared to 136,000 shares in 2015.
<p>Personal benefits</p> <p>Members of the Executive Management have access to a number of work-related benefits, including company car, free telephony, broadband at home, and work-related newspapers and magazines.</p>	–
<p>Pension scheme</p> <p>Members of the Executive Management are not covered by Vestas' employer administered pension plan or a defined benefit pension scheme. Pension is considered included in the fixed salary.</p>	–

Members of the Executive Management

Number

2014 

2015 

2016 

In 2016, there has been no change in the composition of the Executive Management.

Executive Management's remuneration¹⁾

	2016	2015
Fixed salary (EUR)	4,338,163	4,214,731
Bonus (EUR)	3,082,664	2,840,118
Performance shares:		
For the financial year (number)	97,467 ²⁾	136,000 ³⁾
Options:		
Total outstanding options for the period 2008-2012 (number)	-	85,159
Expired options (number)	-	9,376
Options exercised (number)	85,159	15,475

1) Ref. note 1.3 and note 6.2 to the consolidated financial statements. Annual report 2016.

2) The number of shares has been adjusted based on current estimate of performance in 2016. Allocation of performance shares for the 2016-2018 performance programme will be adjusted based on the level of actual achievement in the measurement period. The 2016 performance shares will be granted equally to the Executive Management in 2019 and 2021.

3) The 2015 performance shares will be granted equally to the Executive Management in 2018 and 2020.