

REMUNERATION REPORT

Bavarian Nordic A/S' remuneration policy contains principles for remuneration, as well as the general guidelines for incentive remuneration, of the Board of Directors (the "Board") and the Executive Management. The remuneration policy has been published on the Company's website:

www.bavarian-nordic.com/corporategovernance.

General principles

The policy of the Company is that remuneration of the Board and Executive Management must be competitive and comparable to remuneration in relevant peer companies. It is important to be able to recruit, retain and motivate competent and loyal members to the Company's Board and Executive Management. In the opinion of the Company, remuneration, including incentive remuneration of the Board and the Executive Management, is an essential element of this.

It is important that incentive-based remuneration of the Board and the Executive Management contributes positively to motivating the recipient to deliver that extra performance needed to achieve short-term and long-term goals. Share-based schemes create shared interests between the Board member, the Executive Management and shareholders, which helps to secure the shareholders' interest in increased value creation in the Company.

Cash bonus schemes for achieving short term goals

The Board has assessed that incentive remuneration in the form of cash bonus can be offered to the Executive Management for promoting specific and measurable short-term results within the business area in which the member has an influence.

The cash bonus schemes are defined on an annual basis by setting the financial and operational targets to be met for bonuses to be paid out. The maximum bonus that can be paid to individual members of the Executive Management corresponds to six-month base salary if all financial and operational targets are met for the financial year.

Targets for the President & CEO are set by the Board, and for other members of the Executive Management by the President & CEO and the Chairman of the Board. Bonus targets are set by the end of the year for the following year but can, in exceptional cases, be linked to targets, which extend over a longer period of time.

The bonus level for 2018, which will pay out in 2019, is based on achievement of key milestones for the year, including examples like the fulfilment of the Company's financial guidance, the FDA acceptance and priority review of the BLA for the Company's MVA-BN liquid-frozen smallpox vaccine candidate, finalization of the RSV booster study, initiation of three Phase 2 trials

of CV301 in multiple cancers, initiation of Phase 2 study of Brachyury in Chordoma, and the progress in the construction of the new fill and finish facility.

The Board may decide to defer the payment of all or part of an achieved cash bonus for three years by converting the deferred bonus into a number of restricted stock units.

In exceptional cases, separate agreements may be entered with members of the Executive Management, which can result in payment of a bonus of up to an additional one year's base salary for that member of the Executive Management.

Share-based schemes for achieving long term goals

With the purpose of promoting and achieving long-term goals for the Company, and thereby contributing to the Company's development and growth, incentive remuneration in the form of share-based schemes can be offered to the Board and to the Executive Management.

For Executive Management share-based schemes are designed as either a grant of warrants free of charge or the grant of restricted stock units in connection with the deferral of payment of a cash bonus which includes matching shares. Members of the Board may only receive share-based incentive remuneration in the form of restricted stock units. →



Remuneration of individual members of the Executive Management

DKK thousand	2018	2017	2016
Paul Chaplin			
Salary	5,680	5,245	5,548
Bonus	869	993	969
Other employee benefits	671	704	958
Share-based payment ¹	1,097	2,153	4,100
Total remuneration	8,317	9,095	11,575
Henrik Juuel ²			
Salary	444	-	-
Bonus	73	-	-
Contribution based pension	44	-	-
Share-based payment ¹	1,154	-	-
Total remuneration	1,715	-	-
Henrik Birk ³			
Salary	2,374	2,160	-
Bonus	416	432	-
Other employee benefits	157	157	-
Contribution based pension	237	216	-
Share-based payment ¹	444	794	-
Total remuneration	3,628	3,759	-

DKK thousand	2018	2017	2016
Tommi Kainu ⁴			
Salary	2,546	1,193	-
Bonus	471	264	-
Other employee benefits	192	96	-
Contribution based pension	255	119	-
Share-based payment ¹	488	264	-
Total remuneration	3,952	1,936	-
Ole Larsen ⁵			
Salary	2,035	3,474	3,388
Bonus	-	1,395	680
Other employee benefits	115	180	176
Contribution based pension	204	347	339
Share-based payment ⁶	115	903	3,379
Salary and benefits in notice period	3,611	-	-
Total remuneration	6,080	6,299	7,962
Total remuneration of Executive Management	22,692	21,089	19,537

1. The amount vested for the year measured at the current market value at the end of the respective year.
2. Joined on November 1, 2018
3. Appointed member of Executive Management on January 17, 2017
4. Joined on July 1, 2017
5. Resigned on July 31, 2018
6. The amount vested for the year measured at the current market value at July 31, 2018



Remuneration of the Executive Management

The remuneration of the Executive Management consists of base salary, pension contribution, company car, certain other benefits and post-employment compensation, cash bonus scheme, participation in share-based incentive schemes, and remuneration for achieving certain milestones within certain deadlines.

Members of the Executive Management have contracts of employment containing standard terms for members of the Executive Management of Danish listed companies, including the periods of notice that both parties are required to give and competition clauses. If a contract of employment of a member of the Executive Management is terminated by the Company without misconduct on the part of such member, the member of the Executive Management is entitled to compensation, which, depending on the circumstances, may amount to 8-18 months' salary. In the event of a change of control the compensation can amount to a maximum of 24 months' salary. →

Executive Management's ownership interests in Bavarian Nordic

	Holding as of January 1, 2018	Purchased/granted	Sold/exercised	Holding as of December 31, 2018	Market value DKK million
Paul Chaplin					
Shares	39,800	30,000	-	69,800	8.9
Restricted Stock Units	11,517	6,095	-	17,612	2.2
Warrants	234,841	57,749	(30,000)	262,590	- ¹
Total					11.1
Henrik Juuel					
Shares	-	250 ²	-	250	-
Restricted Stock Units	-	10,150 ³	-	10,150	1.3
Warrants	-	53,625	-	53,625	- ¹
Total					1.3
Henrik Birk					
Shares	-	-	-	-	-
Restricted Stock Units	-	2,651	-	2,651	0.3
Warrants	43,996	29,212	-	73,208	- ¹
Total					0.3
Tommi Kainu					
Shares	-	-	-	-	-
Restricted Stock Units	-	1,620	-	1,620	0.2
Warrants	59,881	34,458	-	94,339	- ¹
Total					0.2
Total Executive Management					12.9

1. No value, as the warrants had a higher exercise price than the Company's share price at December 31, 2018.

2. Shares were purchased during 2018, before Henrik Juuel took up the position as CFO on November 1, 2018

3. Henrik Juuel was granted a sign-on bonus of 10,150 restricted stock units, including matching shares.

Further information on the incentive programs for Executive Management are disclosed in note 27 in the consolidated financial statements.



Remuneration of the Board

The remuneration of the Board consists of fixed fees for Board and board committee membership, reimbursement of certain expenses, an overseas-travel fee or a fixed attendance fee, and restricted stock units with a value equivalent to 50% of the fixed fee for Board membership.

In 2018, the fixed fee for board membership was DKK 300,000. The chairman and deputy chairman receive a fee that is two and a half times and one and a half time the fixed fee respectively.

The fixed fee for membership of a board committee was DKK 100,000. The chairman of a committee receives a fee that is one and a half time the fixed fee. →





Remuneration of individual members of the Board of Directors

DKK thousand	2018	2017	2016
Gerard van Odijk (Chairman)			
Board and committee fees	900	900	900
Attendance fees	63	30	25
Share-based payment	375	375	170
Total	1,338	1,305	1,095
Anders Gersel Pedersen (Deputy chairman)			
Board and committee fees	550	550	550
Attendance fees	68	35	40
Share-based payment	225	225	170
Total	843	810	760
Claus Braestrup ¹			
Board and committee fees	133	400	400
Attendance fees	10	25	25
Share-based payment	-	150	170
Total	143	575	595

1. Resigned on April 17, 2018

2. Joined on April 19, 2016

3. Joined on April 25, 2017

The disclosed remuneration for board members excludes reimbursed expenses that board members have incurred in connection with board meetings, such as travel and accommodation, but includes attendance fees.

The share-based payment in 2017 and 2018 for members of the Board of Directors covers the grant of restricted stock units as per the table below. For further description of restricted stock units see [note 27](#). The share-based payment in 2016 relates to warrants previously granted, which have now been fully vested.

DKK thousand	2018	2017	2016
Erik Gregers Hansen			
Board and committee fees	450	450	450
Attendance fees	68	40	45
Share-based payment	150	150	170
Total	668	640	665
Peter Kürstein			
Board and committee fees	400	400	400
Attendance fees	58	30	20
Share-based payment	150	150	170
Total	608	580	590
Frank Verwiel ²			
Board and committee fees	400	400	300
Attendance fees	197	105	20
Share-based payment	150	150	-
Total	747	655	320
Elizabeth McKee Anderson ³			
Board and committee fees	350	250	-
Attendance fees	133	62	-
Share-based payment	150	150	-
Total	633	462	-
Total remuneration of Board of Directors	4,980	5,027	4,025



Board's ownership interests in Bavarian Nordic

	Holding as of January 1, 2018	Purchased/granted	Sold/exercised	Holding as of December 31, 2018	Market value DKK million
Gerard van Odijk					
Shares	11,000	5,000	-	16,000	2.0
Restricted Stock Units	1,027	2,143	-	3,170	0.4
Warrants ¹	5,000	-	(5,000)	-	-
Total					2.4
Anders Gersel Pedersen					
Shares	3,500	5,000	-	8,500	1.1
Restricted Stock Units	616	1,286	-	1,902	0.2
Warrants ¹	5,000	-	(5,000)	-	-
Total					1.3
Erik Gregers Hansen					
Shares	29,000	5,000	-	34,000	4.3
Restricted Stock Units	410	857	-	1,267	0.2
Warrants ¹	5,000	-	(5,000)	-	-
Total					4.5
Peter Kürstein					
Shares	11,250	5,000	-	16,250	2.1
Restricted Stock Units	410	857	-	1,267	0.2
Warrants ¹	5,000	-	(5,000)	-	-
Total					2.3

	Holding as of January 1, 2018	Purchased/granted	Sold/exercised	Holding as of December 31, 2018	Market value DKK million
Frank Verwiel					
Shares	-	-	-	-	-
Restricted Stock Units	410	857	-	1,267	0.2
Total					0.2
Elizabeth McKee Anderson					
Shares	-	-	-	-	-
Restricted Stock Units	410	857	-	1,267	0.2
Total					0.2
Total Board of Directors					10.9

1. Warrants granted in 2013 were vested in 2018. Member of the Board are no longer granted warrants.