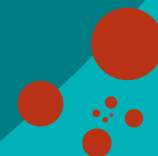


REMUNERATION REPORT

2019



BAVARIAN NORDIC

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/about/corporate-governance/remuneration-policy.aspx

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 remuneration of the Board and the Executive Management contributes positively to motivating the recipient to deliver the performance

needed to achieve short and long-term goals. Share-based schemes create mutual interests between the Board member, the Executive Management and shareholders, all in an effort to drive value creation in the Company.

Cash bonus schemes for achieving short-term goals

The Board has assessed that incentive remuneration in the form of a 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 at the Board, and for other members of the Executive Management by the President & CEO and the Chairman of the Board. Bonus targets are set at the end of the year for the following year but can, in exceptional cases, be linked to targets extending over a longer period of time.

The bonus level for 2019, which will pay out in 2020, is based on the achievement of a number of key milestones for the year, including examples such as:

- The fulfilment of the Company's financial guidance
- The FDA approval of JYNNEOS
- Award of a Priority Review Voucher connected to the JYNNEOS approval
- Completion of the transformative GSK vaccine acquisition of Rabipur/RabAvert and Encepur
- Progress in the construction of the new fill and finish facility
- Finalization of the Phase 3 RSV development plan and
- Reporting of initial data from the Phase 2 study of BN-Brachyury in chordoma

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 into 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 the Company's long-term goals, 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 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 by 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 re-quired 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.

Remuneration of individual members of the Executive Management

DKK thousand	2019	2018	2017
Paul Chaplin			
Salary	5,061	5,680	5,245
Bonus	2,540	869	993
Other employee benefits	649	671	704
Share-based payment ¹	3,556	4,283	5,959
Total remuneration	11,806	11,503	12,901
Henrik Juuel²			
Salary	2,620	444	-
Bonus	740	73	-
Other employee benefits	137	-	-
Contribution based pension	278	44	-
Share-based payment ¹	2,653	4,462	-
Total remuneration	6,428	5,023	-
Henrik Birk³			
Salary	2,792	2,374	2,160
Bonus	676	416	432
Other employee benefits	155	157	157
Contribution based pension	285	237	216
Share-based payment ¹	2,636	2,131	2,203
Total remuneration	6,544	5,315	5,168

DKK thousand	2019	2018	2017
Tommi Kainu⁴			
Salary	2,714	2,546	1,193
Bonus	673	471	264
Other employee benefits	192	192	96
Contribution based pension	264	255	119
Share-based payment ¹	2,625	2,485	5,675
Total remuneration	6,468	5,949	7,347
Ole Larsen⁵			
Salary	-	2,035	3,474
Bonus	-	-	1,395
Other employee benefits	-	115	180
Contribution based pension	-	204	347
Share-based payment ¹	-	-	2,512
Salary and benefits in notice period	-	3,611	-
Total remuneration	-	5,965	7,908
Total remuneration of Executive Management	31,246	33,755	33,324

¹⁾ The market value at grant date of granted warrants and restricted stock units including matching shares.

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

Share-based payment expensed in the Annual Report

DKK thousand	2019	2018	2017
Corporate Management			
Paul Chaplin	5,483	5,676	4,527
Ole Larsen	-	3,444	3,197
Total, cf. note 8 in the Annual Report	5,483	9,120	7,724
Other Executive Management			
Henrik Juuel	1,270	1,255	-
Henrik Birk	2,011	1,745	926
Tommi Kainu	3,036	2,166	587
Total, cf. note 8 in the Annual Report	6,317	5,166	1,513



Executive Management's ownership interests in Bavarian Nordic

	Holding as of January 1, 2019	Purchased/granted	Sold/exercised	Holding as of December 31, 2019	Market value DKK million
Paul Chaplin					
Shares	69,800	6,546	–	76,346	13.1
Restricted Stock Units	17,612	9,065	6,546	20,131	3.5
Warrants	262,590	78,201	–	340,791	2.0 ¹
Total					18.6
Henrik Juuel					
Shares	250	2,250	–	2,500	0.4
Restricted Stock Units	10,150	765	–	10,915	1.8
Warrants	53,625	33,950	–	87,575	– ²
Total					2.2
Henrik Birk					
Shares	–	–	–	–	–
Restricted Stock Units	2,651	4,338	–	6,989	1.2
Warrants	73,208	35,678	–	108,886	– ²
Total					1.2
Tommi Kainu					
Shares	–	–	–	–	–
Restricted Stock Units	1,620	4,916	–	6,536	1.1
Warrants	94,339	35,533	–	129,872	– ²
Total					1.1
Total Executive Management					23.1

¹) Part of the warrants were of value at December 31, 2019.

²) No value, as the warrants had a higher exercise price than the Company's share price at December 31, 2019.

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 2019, 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.

Further information on the incentive programs for Executive Management are disclosed in [note 30](#) in the consolidated financial statements in the annual report for 2019.

Remuneration of individual members of the Board of Directors

DKK thousand	2019	2018	2017
Gerard van Odijk (Chairman)			
Board and committee fees	900	900	900
Attendance fees	20	63	30
Share-based payment	375	375	375
Total	1,295	1,338	1,305
Anders Gersel Pedersen (Deputy chairman)			
Board and committee fees	550	550	550
Attendance fees	40	68	35
Share-based payment	225	225	225
Total	815	843	810
Erik Gregers Hansen			
Board and committee fees	450	450	450
Attendance fees	35	68	40
Share-based payment	150	150	150
Total	635	668	640
Peter Kürstein			
Board and committee fees	400	400	400
Attendance fees	20	58	30
Share-based payment	150	150	150
Total	570	608	580
Frank Verwiël			
Board and committee fees	400	400	400
Attendance fees	166	197	105
Share-based payment	150	150	150
Total	716	747	655

DKK thousand	2019	2018	2017
Elizabeth McKee Anderson¹			
Board and committee fees	400	350	250
Attendance fees	133	133	62
Share-based payment	150	150	150
Total	683	633	462
Anne Louise Eberhard²			
Board and committee fees	333	-	-
Attendance fees	35	-	-
Share-based payment	150	-	-
Total	518	-	-
Claus Braestrup³			
Board and committee fees	-	133	400
Attendance fees	-	10	25
Share-based payment	-	-	150
Total	-	143	575
Total remuneration of Board of Directors	5,232	4,980	5,027

¹⁾ Joined on April 25, 2017

²⁾ Joined on April 24, 2019

³⁾ Resigned on April 17, 2018

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 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 30](#) in the consolidated financial statements in the annual report for 2019.

Board's ownership interests in Bavarian Nordic

	Holding as of January 1, 2019	Purchased/granted	Sold/exercised	Holding as of December 31, 2019	Market value DKK million
Gerard van Odijk					
Shares	16,000	-	-	16,000	2.7
Restricted Stock Units	3,170	2,713	-	5,883	1.0
Total					3.7
Anders Gersel Pedersen					
Shares	8,500	-	-	8,500	1.5
Restricted Stock Units	1,902	1,627	-	3,529	0.6
Total					2.1
Erik Gregers Hansen					
Shares	34,000	-	-	34,000	5.8
Restricted Stock Units	1,267	1,085	-	2,352	0.4
Total					6.2
Peter Kürstein					
Shares	16,250	-	-	16,250	2.8
Restricted Stock Units	1,267	1,085	-	2,352	0.4
Total					3.2

	Holding as of January 1, 2019	Purchased/granted	Sold/exercised	Holding as of December 31, 2019	Market value DKK million
Frank Verwiël					
Shares	-	-	-	-	-
Restricted Stock Units	1,267	1,085	-	2,352	0.4
Total					0.4
Elizabeth McKee Anderson					
Shares	-	-	-	-	-
Restricted Stock Units	1,267	1,085	-	2,352	0.4
Total					0.4
Anne Louise Eberhard					
Shares	-	-	-	-	-
Restricted Stock Units	-	1,085	-	1,085	0.2
Total					0.2
Total Board of Directors					16.2