

## Remuneration policy of Per Aarsleff Holding A/S

This remuneration policy describes the principles concerning the remuneration package of the company's board of directors and executive management. The executive management is defined as executives registered with the Danish Business Authority as members of the executive management of Per Aarsleff Holding A/S ("the company"). The overall goal of the remuneration policy is to ensure long-term value creation for the company's shareholders as well as sound and efficient risk management to the benefit of the stakeholders of the company.

The remuneration policy shall be reviewed annually by the company's remuneration committee, and amendments to the policy shall be adopted by the board of directors and approved at the company's annual general meeting. Therefore, the board of directors assesses that there are no conflicts of interest with regard to the determination, revision and implementation of the policy, because the executive management has no decision-making competence in relation to the remuneration policy and because the remuneration of the board of directors is approved at the annual general meeting.

The remuneration to the board of directors and the executive management is stated in the annual report and from 2021 also in the remuneration report.

### Correlation between business strategy, long-term interests and sustainability

It is a basic principle for the Aarsleff Group's development that earnings requirements take priority over growth. Aarsleff has a clear profitability focus, aiming to increase earnings through continuous efficiency improvements and secure project execution. We want to have a high degree of active involvement from the executive management in the organisation and risk management of projects with particular risks.

Aarsleff wants to operate a responsible and healthy business to create job satisfaction, growth and development. The company is aware that Aarsleff is an integrated part of society and takes on this responsibility in order to be a credible partner to the company's customers and business connections as it contributes positively to the company's results and the wellbeing of our employees. Also, we prioritise a safe working environment higher than reasons of economy.

The board of directors and the executive management are the only employees in Per Aarsleff Holding A/S and receive a fixed base fee. Thus, the company's board of directors and executive management do not receive a bonus, however, the executive management are offered to participate in the Group's long-term and value-adding matching shares programme offered to the majority of all Danish employees of the Group contributing to the strong cultural common features and to our mission of creating value to the company's shareholders.

The composition of the remuneration package, which mainly consists of a fixed base fee, underpins the company's strategy and long-term interests focusing constantly on risk management and development of a sustainable business where employees, shareholders, customers and business connections are given a high priority. The matching shares programme also contributes to aligning the interests of the members of the executive management with those of the shareholders.

### Remuneration of the executive management

Members of the executive management are employed under executive service contracts, and the terms of the contracts are reviewed once a year, including the size of the total remuneration package, which is composed to be at a level that allows the company to retain and attract a competent executive management.

The total remuneration package for the executive management consists of a fixed base fee, a long-term incentive scheme with matching shares and other usual non-monetary salary-related benefits such as car, telecommunication and newspaper. The incentive scheme with matching shares must motivate and ensure alignment with the company's long-term value creation and must not exceed more than 50% of the annual base fee of the member of the executive management at the grant date.

The executive management does not receive a bonus but in order to retain managerial expertise, the board of directors may, in specific cases, decide to introduce a retention bonus, loyalty bonus or similar schemes which must be valid for at least two years and which is subject to a justified recommendation from the remuneration committee and approved by the board of directors. Moreover, the total value of the scheme must not exceed 125% of the fixed base fee of the member of the executive management in the year of disbursement.



The contracts of the executive management are valid for an undefined period but shall expire when the members of the executive management reach the age of 65. The notice of termination, before the age of 65, may be up to 12 months for both parties. Redundancy pay cannot exceed remuneration corresponding to 12 months.

### **Incentive remuneration of the executive management**

Each member of the executive management can be granted the right to matching shares. In order to be granted the right to matching shares, the member of the executive management must purchase B shares in the company in a trading window further specified by the board of directors and thereafter deposit the shares. The member of the executive management must purchase B shares in the company at an amount corresponding to minimum 5% and maximum 10% of the annual base fee at the time of purchase. Each individually purchased B share entitles the member of the executive management to receive one B share in the company for no consideration at the expiry of the vesting period.

The right to receive matching shares is subject to a three-year vesting period during which the purchased B shares must be deposited. The value of the matching shares granted by the company at the expiry of the vesting period must not exceed more than 50% of the annual base fee of the member of the executive management at the grant date.

The granting of matching shares is subject to continued employment at the grant date. There are no other financial or non-financial criteria for granting.

The form of the programme ensures that there is a clear connection with the performance of the company because the value of the executive management's investment in B shares and the value of the matching shares are directly related to the development of Aarsleff's share price.

To ensure alignment between the share-based remuneration and the long-term value creation for the company, the incentive scheme includes a vesting period and is revolving, i.e. the right to matching shares is granted for the respective calendar year, and the matching shares are allocated three years later.

In case of changes to the company's capital structure, the board of directors may decide to adjust the assigned rights to matching shares. If the company ceases to exist due to a merger or demerger, the board of directors may decide to bring forward the granting of matching shares or grant new equity instruments. Also, in the event of a takeover bid, liquidation and delisting of the company there will be an automatic granting of matching shares.

The board of directors has the right to alter or cancel the incentive scheme, provided that such alteration complies with the general guidelines of this policy and provided that this does not affect the general scope and object of the incentive scheme.

### **Remuneration of the board of directors**

The members of the board of directors are elected for one year at a time and are remunerated by way of a fixed base fee.

The board members do not participate in incentive schemes. The board remuneration is composed so that it is market consistent with the level in comparable companies, whilst also taking into consideration the responsibility and scope of the board work and board members' required competencies.

The chairman of the board of directors, the deputy chairman as well as board members who are also members of one of the board committees receive a multiple of the fixed fee. The chairman and the deputy chairman receive 2 times the fixed base fee and 1 time the fixed base fee, respectively. Board members who are also committee members receive a fee of DKK 90,000.

In special circumstances individual board members may receive further remuneration in line with market practice for extraordinary ad hoc tasks outside their normal duties assigned by the board.

To be adopted at the annual general meeting on 30 January 2020.