



AARSLEFF

REMUNERATION REPORT 2019/20

REMUNERATION REPORT FOR PER AARSLEFF HOLDING A/S

Background to the remuneration report

This remuneration report has been prepared subject to section 139 b of the Danish Companies Act and recommendation 4.2.3. of the recommendations for corporate governance published by the Committee for Corporate Governance. The remuneration report provides a complete overview of the remuneration received by the Board of Directors and the Executive Management in accordance with Aarsleff's remuneration policy.

The objective of the remuneration policy

The overall objective of Aarsleff's remuneration policy is to ensure long-term value creation for the company's shareholders as well as sound and efficient risk management benefitting the stakeholders of our company.

Remuneration of the Board of Directors

The members of the company's Board of Directors receive a fixed base fee of DKK 275,000. The amount is unchanged compared to 2018/19. The board members do not participate in incentive schemes. The level of the remuneration of the Board of Directors is market consistent and match the level in comparable, listed companies, taking into account the responsibility and scope of the board work as well as the required competencies by the board members.

Remuneration of the Board of Directors

DKK'000

	2019/20			2018/19			2017/18		
	Board remuneration	Board committee fee	Total	Board remuneration	Board committee fee	Total	Board remuneration	Board committee fee	Total
Ebbe Malte Iversen ¹	550	0	550						
Bjarne Moltke Hansen ²	481	0	481	183	0	183			
Jens Bjerg Sørensen ³	351	60	411	525	0	525	450	0	450
Charlotte Strand ⁴	275	90	365	263	90	353	203	90	293
Henrik Højen Andersen ⁵	183	60	243						
Andreas Lundby ⁶	275	0	275	788	0	788	675	0	675
Peter Arndrup Poulsen ⁷	92	30	122	263	90	353	225	90	315
Carsten Fode ⁸							75	0	75
Total	2,208	240	2,448	2,021	180	2,201	1,628	180	1,808

¹ Chairman of the Board of Directors and member of the Nomination and Remuneration Committee since 1 February 2020.

² Deputy chairman as opposed to ordinary board member since 1 February 2020. Is also a member of the Nomination and Remuneration Committee.

³ Ordinary board member as opposed to deputy chairman since 1 February 2020. Is also chairman of the Audit Committee.

⁴ Board member and member of the Audit Committee since 1 February 2018.

⁵ Board member and member of the Audit Committee since 1 February 2020.

⁶ Chairman of the Board of Directors until 1 February 2020. Resigned from the board thereafter.

⁷ Board member and member of the Audit Committee until 1 February 2020. Resigned from the board thereafter.

⁸ Board member until 1 February 2018.

Remuneration of the Executive Management for 2017/18, 2018/19 and 2019/20

DKK'000

	Year	Fixed remuneration		Variable remuneration		Total
		Base fee	Non-monetary salary-related benefits	Ekstraordinary items	Matching shares ⁸	
Jesper Kristian Jacobsen						
CEO	2019/20	5,000	139	0	501	5,640
	<i>share of total</i>	89%	2%	0%	9%	100%
	2018/19	4,500	141	0	418	5,059
	<i>share of total</i>	89%	3%	0%	8%	100%
	2017/18	3,500	135	0	318	3,953
	<i>share of total</i>	89%	3%	0%	8%	100%
Nicolai Schultz¹						
Deputy CEO	2019/20	2,340	102	0	313	2,755
	<i>share of total</i>	85%	4%	0%	11%	100%
	2018/19					
	<i>share of total</i>					
	2017/18					
	<i>share of total</i>					
Mogens Vedel Hestbæk						
Group CFO	2019/20	2,760	99	0	276	3,135
	<i>share of total</i>	88%	3%	0%	9%	100%
	2018/19	2,600	96	0	241	2,937
	<i>share of total</i>	89%	3%	0%	8%	100%
	2017/18	2,400	112	0	218	2,730
	<i>share of total</i>	88%	4%	0%	8%	100%
Lars M. Carlsen²						
Deputy CEO	2019/20	3,333	160	8,210 ³	0	11,703
	<i>share of total</i>	28%	1%	70%	0%	100%
	2018/19	4,000	145	900 ⁴	371	5,416
	<i>share of total</i>	74%	3%	17%	7%	100%
	2017/18	3,900	129	900 ⁴	212	5,141
	<i>share of total</i>	76%	3%	18%	4%	100%
Ebbe Malte Iversen⁵						
CEO	2019/20	0	0	1,000 ⁶	0	1,000
	<i>share of total</i>	0%	0%	100%	0%	100%
	2018/19	1,250	0	1,000 ⁷	14	2,264
	<i>share of total</i>	55%	0%	44%	1%	100%
	2017/18	5,890	0	0	545	6,435
	<i>share of total</i>	92%	0%	0%	8%	100%

¹ Employed as of 1 February 2019. Member of the Executive Management since 1 January 2020.

² Resigned as of 8 July 2020.

³ Extraordinary items comprise retention bonus of DKK 411,000, redundancy pay of DKK 4 million, salary and provisions for salary in the notice period of DKK 3.66 million and non-monetary benefits of DKK 132,000 in the notice period.

⁴ The amount consists exclusively of retention bonus.

⁵ Resigned as CEO as of 30 September 2018. Employed as Director in the period 1 October 2018 to 31 January 2019.

⁶ The amount consists of remuneration relating to competition clause.

⁷ The amount consists of remuneration relating to competition clause. In addition redundancy pay of DKK 6 million expensed in previous years has been paid during the year.

⁸ The value of the matching shares was computed based on the Black Scholes model and recognised completely at the grant date as opposed to the annual report in which the value is expensed over the three-year vesting period.

Matching share programme for the Executive Management

DKK'000

	Year	Performance period	Grant date	Vesting period ends	Matching shares ⁴	Value of matching shares 30/9 2020 ⁵
Jesper Kristian Jacobsen						
CEO	2020	01.2020 - 12.2022	26.02.2020	01.03.2023	2,608	698
	2019	01.2019 - 12.2021	26.02.2019	01.03.2022	1,980	530
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	1,546	414
Nicolai Schultz¹						
Deputy CEO	2020	01.2020 - 12.2022	26.02.2020	01.03.2023	1,627	435
	2019	01.2019 - 12.2021	26.02.2019	01.03.2022	1,320	353
Mogens Vedel Hestbæk						
Group CFO	2020	01.2020 - 12.2022	26.02.2020	01.03.2023	1,439	385
	2019	01.2019 - 12.2021	26.02.2019	01.03.2022	1,144	306
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	1,060	284
Lars M. Carlsen²						
Deputy CEO	2019	01.2019 - 12.2021	26.02.2019	01.03.2022	1,760	471
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	1,029	275
Ebbe Malte Iversen³						
CEO	2019	01.2019 - 12.2021	26.02.2019	01.03.2022	66	18
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	2,650	709

¹ Employed as of 1 February 2019. Member of the Executive Management since 1 January 2020.

² Resigned as of 8 July 2020.

³ Resigned as CEO as of 30 September 2018.

⁴ Number of shares received at the expiry of the three-year vesting period. The member of the Executive Management has used his own means to buy a similar number of shares in order to be entitled to participate in the programme.

⁵ The value of the matching shares is based on the market price as of 30 September 2020.

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 base fee. The chairman and the deputy chairman receive 2 and 1 times the fixed base fee, respectively. Board members who are also committee members receive an additional fee of DKK 90,000.

The total remuneration of the Board of Directors amounted to DKK 2.45 million in 2019/20, and the fees paid to the individual Board members are shown in the tables. Fixed base fees as well as additional fees were approved at the Annual General Meeting on 30 January 2020.

The Board of Directors recommends to the Annual General Meeting that the remuneration for the financial year 2020/21 is kept unchanged.

Remuneration and contracts of the Executive Management

The members of the Executive Management are employed on a contract basis, and the size of the complete remuneration package is composed so that the company can retain and attract qualified members of the Executive Management. The terms of the contracts are reviewed once a year, including a regulation of the remuneration in relation to the

efforts and results achieved by the individual member of the Executive Management.

The contracts of the Executive Management are valid for an undefined period but expire when the respective member of the Executive Management reaches 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.

Fixed base fee

The members of the Executive Management receive a fixed base fee and do not receive bonuses. However, in order to retain managerial expertise subject to justified recommendation from the Nomination and Remuneration Committee, the Board of Directors may decide to introduce a retention bonus, loyalty bonus or similar schemes which must be valid for at least two years.

The fixed base fee inclusive of non-monetary benefits for the Executive Management amounted to DKK 13.9 million in 2019/20 compared to DKK 11.4 million in 2018/19, reflecting the changes in the Executive Management as described on page 6. Fixed and variable remuneration for the Executive

Comparison of development in remuneration and Group performance

	Change in remuneration from 2018/19 to 2019/20 ¹	Comments	
Executive Management			
Jesper Kristian Jacobsen	11%		
Nicolai Schultz	-	New member of the board as of 1 February 2019. Member of the Executive Management as of 1 January 2020.	
Mogens Vedel Hestbæk	7%		
Lars M. Carlsen	-8%	Resigned as of 8 July 2020.	
Board of Directors			
Ebbe Malte Iversen	-	New member of the board as of 1 February 2020.	
Bjarne Moltke Hansen	0%	New member of the board as of 1 February 2019. Deputy chairman as of 1 February 2020.	
Jens Bjerg Sørensen	0%	Ordinary board member since 1 February 2020 (previously deputy chairman).	
Charlotte Strand	0%		
Henrik Højen Andersen	-	New member of the board as of 1 February 2020.	
DKK'000			
	2019/20	Change	2018/19
Financial performance (Company)			
EBIT	385,497	15%	328,575
Financial performance (Group)			
Revenue	13,295,309	-1%	13,453,011
EBIT	553,413	9%	502,620
Average remuneration of employees (Group)²	548	1%	540

¹ Change in remuneration has been cleared of any termination elements and converted into full-year figures in the same role to ensure comparability.

² The average remuneration is stated for the Group, as all employees of Per Aarsleff Holding A/S are comprised by the disclosure requirements of the remuneration report.

Management complies with the framework of the adopted remuneration policy.

Due to the coronavirus pandemic, it was decided not to adjust the fixed base fee of the Executive Management for the financial year 2020/21.

The Executive Management's incentive pay

The incentive-based remuneration is a part of an attractive remuneration package for the Executive Management and consists of a right to receive matching shares in the company. The form of the programme ensures that there is a clear connection with the performance of the company because the value of the matching shares of the Executive Management is directly related to the valuation of the company.

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. There are no other financial or non-financial criteria for granting.

To ensure alignment between the share-based remuneration and the long-term value creation for the company, the incentive-based remuneration 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.

The granting of matching shares is based on the condition that the member of the Executive Management is still employed when the vesting period ends. If the member of the Executive Management leaves the company as a "bad leaver" before the

time of vesting, the member of the Executive Management will lose the right to matching shares.

Changes in the Executive Management

Effective 1 January 2020, Nicolai Schultz was appointed as new member of the Executive Management.

On 8 July 2020, Per Aarsleff Holding A/S announced the resignation of Lars M. Carlsen, deputy CEO. As part of the resignation agreement Lars M. Carlsen will receive salary until 30 June 2021. Also, redundancy pay corresponding to 12 months of salary, amounting to DKK 4 million is to be paid in 2021. Salary and redundancy pay are expensed in the financial year 2019/20. In addition, an earned retention bonus of DKK 4 million is to be paid in 2021. The retention bonus is expensed in previous financial years and is a former agreement in accordance with the adopted remuneration policy.

MANAGEMENT'S STATEMENT ON REMUNERATION REPORT

Management's Statement

The Board of Directors has today considered and adopted the Remuneration Report of Per Aarsleff Holding A/S for financial year 2019/20.

The Remuneration Report is prepared in accordance with section 139 b of the Danish Companies Act.

The Remuneration Report is submitted to the General Meeting for an indicative vote.

Aarhus, 21 December 2020

Board of Directors

Ebbe Malte Iversen
Chairman

Bjarne Moltke Hansen
Deputy Chairman

Charlotte Strand

Jens Bjerg Sørensen

Henrik Højen Andersen

INDEPENDENT AUDITOR'S STATEMENT ON REMUNERATION REPORT

To the Shareholders of Per Aarsleff Holding A/S

According to section 139 b of the Danish Companies Act, Management is responsible for preparing a remuneration report in accordance with the remuneration policy adopted at the General Meeting.

Our opinion on the audit of the Consolidated Financial Statements and the Parent Company Financial Statements does not include the remuneration report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements for 2019/20, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139 b(3) of the Danish Companies Act are included in the Company's remuneration report for 2019/20.

We found no reason to point out any omissions with respect to the disclosures included in the remuneration report for 2019/20.

Aarhus, 21 December 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

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The remuneration report has been prepared in Danish and in English. In case of discrepancy, the Danish version shall prevail.