



# Remuneration Policy 2022

# Contents

## REMUNERATION POLICY

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<b>1 Objective, overall principles and alignment with the company's goals</b>	<b>3</b>
<b>2 Remuneration of the board of directors</b>	<b>3</b>
<b>3 Remuneration of the executive board</b>	<b>4</b>
<b>4 Decision process and approach to conflicts of interest</b>	<b>7</b>
<b>5 Amendments</b>	<b>7</b>
<b>6 Adoption and publication</b>	<b>7</b>

# Remuneration Policy

The Board of Directors of MT Højgaard Holding A/S ("the Company" or "MTHH") is according to sections 139 and 139a of the Danish Companies Act required to prepare a remuneration policy applicable to the Board of Directors and the Executive Board. The remuneration policy is subject to final approval by the Company's shareholders at the Company's Annual General Meeting. The Executive Board refers to the Executive Board members of MTHH registered with the Danish Business Authority as executive officers. The remuneration policy is prepared in accordance with the Danish Companies Act and the EU Shareholder Rights Directive.

## 1 OBJECTIVE, OVERALL PRINCIPLES AND ALIGNMENT WITH THE COMPANY'S GOALS

The objective of the remuneration policy is to provide a framework for remuneration provided

by the Company and to ensure specific guidelines for incentive pay, based on a clear, understandable and comprehensive overview of the remuneration provided by the Company.

The overall principles of the remuneration policy are to:

- support the purpose and sustainability of the Company;
- align the remuneration components with the interests of shareholders and other stakeholders relevant to the above;
- support delivery of MTHH's strategic priorities;
- attract, motivate and retain members of the Board of Directors and the Executive Board of the appropriate caliber given the size and complexity of the business; and
- reward members of the Executive Board in line with corporate and individual performance.

Based on these overall principles, the following remuneration components are implemented in relation to the Executive Board:

- i. Fixed remuneration (see section 3.1)
- ii. Short-term bonus programme (see section 3.2.2)
- iii. Long-term incentive programme – conditional shares (see section 3.2.3)
- iv. Option programme – conditional share options (see section 3.2.4)
- v. Extraordinary bonus (see section 3.2.7).

The purpose is thus to ensure concurrent interests between the Company and its Board of Directors, the Executive Board and shareholders as well as other stakeholders, and to continuously maintain the Executive Board's motivation to meet the objectives set by the Board of Directors. Furthermore, the policy aims to motivate, retain and attract executive management members with the professional and personal skills needed for successful operation of the Company.

The policy also aims to contribute to supporting the Company's purpose and sustainability, including the Company's desire to run a proper and healthy business that creates well-being, a safe working environment, growth and development.

With the Company's opportunity to offer the Executive Board incentive pay, the remuneration policy contributes to realising the Company's overall objective of creating high, long-term value added for its shareholders as well as consistency between the Executive Board's interests and shareholders' interests in increased value creation and the Company's continued growth. The above remuneration forms thus support the Company's business strategy, safeguard the Company's long-term interests and strengthen the Company's financial and non-financial sustainability.

## 2 REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive fixed annual remuneration, which is approved at

the Company's Annual General Meeting every year for the current financial year. No Board members are entitled to receive variable or incentive-based remuneration. The annual remuneration must be in accordance with market practice for comparable enterprises taking into account the required skills, efforts, the nature of the work and responsibility.

All Board members receive the same annual base remuneration, while the Chairman receives 3 times the fixed annual base remuneration and the Deputy Chairman 1.5 times the fixed annual base remuneration.

Board members may receive a separate fee for participating in committees, including ad hoc committees. Such fees must be determined by the Board of Directors after considering the precise scope and workload of such committee work and must also be approved by the Annual General Meeting.

The separate fee for participation in the Audit Committee as a non-executive board member may amount to up to 0.85 times the stipulated annual base remuneration. The separate fee for the Chairman of the Audit Committee may amount to up to 1.75 times the annual base remuneration.

The separate fee for a Board member's participation in the Remuneration Committee and the Nomination Committee may amount to up to 0.25 times the annual base remuneration for each committee.

Board members who are assigned special ad hoc duties may receive a separate fee for this, which is determined by the Board of Directors.

Expenses such as travel and accommodation in connection with Board meetings and relevant training may be reimbursed by the Company.

The Board of Directors membership runs for one year at a time, with the members being elected annually at the Company's Annual General Meeting. There are no special terms of notice, including allowance in connection with withdrawal from the Board. There are no special retention and retirement benefit schemes for Board members.

### 3 REMUNERATION OF THE EXECUTIVE BOARD

The Board of Directors is of the opinion that a combination of fixed and performance-related remuneration of the Executive Board helps ensure that the Company can attract and retain a competent and value-creating Executive Board and that partial incentive-based remuneration encourages the Executive Board to value creation for the benefit of the shareholders.

A competitive remuneration package is one of the key elements in enabling the Group to attract, motivate and retain the desired talent to execute and optimise the Board of Directors' wishes.

The Board of Directors considers and decides the Executive Board's remuneration based on proposals from the Remuneration Committee.

The Executive Board's remuneration is considered once a year and benchmarked against remuneration in comparable enterprises. The remuneration is determined by the Board of Directors based on the Company's financial position and each Executive Board member's qualifications, efforts and performance.

The remuneration of the Executive Board is determined based on a comparison between the Executive Board's remuneration and salaries and terms of employment for executive and other employees of the MT Højgaard Group. The guidelines for the remuneration of the Executive Board are set proportionally according to the responsibilities of each Executive Board member's duties and within the framework of this remuneration policy. Executives typically also participate in the Company's short-term bonus programme, and some executives are also offered to participate in the Company's long-term incentive programme. When setting the framework for the remuneration policy, the Board of Directors has taken into account that the ratio between the total remuneration of the Executive Board and other employees, respectively, must not deviate significantly from the market ratio in other comparable enterprises.

The remuneration package for the Executive Board consists of a fixed remuneration (base salary), a short-term bonus and a long-term incentive programme. Moreover, it is possible for the Board of Directors, in special cases, to grant an option programme, see below in section 3.2.4 and/or extraordinary bonus to a mem-

ber of the Executive Board, see below in section 3.2.7. The Executive Board also receives non-monetary benefits such as a company car, telephone, etc. Expenses incurred by the Executive Board in connection with travelling, conferences, education etc. will be reimbursed by the Company.

Members of the Executive Board do not receive pension contributions in addition to their fixed base salary. There are no supplementary pension schemes or early retirement schemes in the Executive Board's remuneration package, except provisions regarding post-service payment to the dependants in case of death. Such post-service payment can at the most amount to 6 months fixed remuneration (fixed base salary).

#### 3.1 FIXED REMUNERATION

Members of the Executive Board receive fixed annual remuneration (base salary).

The fixed remuneration is reconsidered annually and determined by individual negotiation. The fixed annual remuneration must be market-consistent and determined on the basis of the Executive Board member's competencies, performance and experience, the scope of work and the responsibility associated with the position of each Executive Board member. Finally, a comparison is also made with the rate of pay rise for executives and other employees.

#### 3.2 VARIABLE REMUNERATION

##### 3.2.1 VARIABLE REMUNERATION KPI'S

The variable remuneration components of the Executive Board are primarily intended to ensure alignment between the interests of the Executive Board and shareholders and to support the utmost value creation in the Company in the short and long term.

The variable remuneration components are determined on the basis of a number of predetermined key performance indicators (KPIs), which must be met by the Executive Board in the short and long term in order for the Executive Board to receive the variable remuneration. The KPIs associated with the Company's bonus and incentive programmes may, depending on the circumstances, vary and change year by year.

When determining KPIs, the Board of Directors must primarily have the Company's strategy in view, including the long-term value creation and set targets. The KPIs must constitute specific criteria in the short and long term, e.g. financial ratios for strategic objectives, including revenue growth, profits, return on invested capital and organic growth compared to other comparable enterprises. Moreover, non-financial KPIs - such as achieving CSR goals, customer satisfaction and employee satisfaction goals, and compliance with internal guidelines and business processes - may be used as a basis for granting variable remuneration.

The KPIs included in the individual bonus and incentive programmes thus support the realisation of the Company's business strategy, long-term interests and financial and non-financial sustainability.

When selecting the KPIs for granting variable remuneration, the Board of Directors has requested a flexible approach to remuneration that is in alignment with the Company's strategy, with a view to its long-term value creation and set objectives.

Vesting takes place proportionately based on the performance of the individual KPIs. The determination of whether the KPIs are met will generally be based on the audited financial statements in relation to the financial KPIs. For the non-financial KPIs (which should be measurable as far as possible), their performance will be based on other validated calculation methods. The performance of the KPIs will be disclosed in the annual remuneration report.

### 3.2.2 SHORT-TERM BONUS PROGRAMME

The annual bonus programme (short-term bonus) may cover up to a maximum of 12 months of the fixed monthly base salary per financial year.

The annual bonus schemes are one-year agreements aimed at rewarding the achievement of short-term targets, see above in section 3.2.1.

The annual bonus payments are subject to objectives being met in full or in part. Objectives are primarily based on attainment of financial targets defined in the individual one-year bonus agreements. Moreover, the annual bonus agreements may be tied to personal targets.

### 3.2.3 LONG-TERM INCENTIVE PROGRAMME – CONDITIONAL SHARES

In order to balance the short-term focus with the long-term strategic focus, the Board of Directors may establish a long-term incentive program (LTI) as described below as conditional shares.

The Executive Board may be offered to participate in an incentive programme, and the scheme may consist of an investment on the part of the Executive Officer corresponding to between 25-100% of short-term bonus earned for the year in question - defined as the "LTI amount", which is invested in the programme in the subsequent year.

The LTI amount is converted to shares purchased at MTHH's market price or an average market price over a period determined by the Board of Directors.

Shares acquired for the LTI programme are accounted for as part of MTHH's portfolio of treasury shares.

Shares under the LTI programme vest over a three-year period ("the vesting period") before they are released and are subject to continued employment (and in accordance with good leaver/bad leaver provisions specifically laid down by the Board of Directors when formulating the LTI agreement for the Executive Board) and any further KPIs (including MTHH's market price).

During the vesting period, the employee may earn free shares (once a year, i.e. up to three times), paid by the Company, which may not exceed ½ extra free share per year/share rela-

tive to the LTI portfolio. In the event of unsatisfactory results, the participant risks losing contributed and any vested free shares since, in special cases, there may be a deduction in the LTI portfolio by up to ½ share per year/share.

Vesting/adjustment of free shares can be tied to the Company's share price performance and the generation of cash flows compared with the approved budget and can be made subject to other forms of restrictions, such as requirements concerning the payment of dividends by MTHH.

The total accumulated award of free shares and dividend shares to all participants (total diluting effect) is capped at 5% of the Company's share capital at the vesting time.

At any vesting time for each annual LTI award, the market value of the individual executive officer's earned shares (including free shares and dividend shares) cannot exceed 2 years' base salary for each executive officer at the vesting date.

The LTI awards are recommended by the Remuneration Committee for final approval by the Board of Directors. Similarly, the Remuneration Committee also assesses the vesting based on the degree of performance of the individual KPIs and recommends it for final approval by the Board of Directors. The Board of Directors may decide, on an ad hoc basis, to offer the participants in the programme a cash settlement of the individual annual LTI award earned.

The figures in the remuneration report for share-based LTI awards are reported based on the awarded amount for the respective year's award and the accrued accounting figures from the consolidated financial statements, i.e. in accordance with IFRS 2, and further information will be considered in line with the development of market practices for listed companies in Denmark.

### 3.2.4 OPTION PROGRAMME – CONDITIONAL SHARE OPTIONS

In special cases (e.g. upon recruitment and retention), the Board of Directors may, with a view to generating the utmost value creation in the Company, decide to grant Executive Board members an option programme, as described below as conditional share options.

The Executive Board may be offered to participate in an option programme, and the scheme must consist of a separate own investment on the part of the Executive Director. The conditional share option enables the participant to buy shares in the Company from MTHH for a minimum amount and up to DKK 15 million - defined as "Option Amount" invested in the programme.

The Option Amount is converted into a number of share options, the fair value of which is calculated according to the Black-Scholes model. The share options are granted at a buying price, which is determined as the average market price over a period determined by the Board of Directors. The Board of Directors may decide

to make an upward adjustment of the buying price if deemed appropriate for the Company.

Shares acquired for the option programme are accounted for as part of MTHH's portfolio of treasury shares.

Shares under the option programme may either be subject to a lock-up (ie. a sales restriction) over a period ("the lock-up period"), which is determined by the Board of Directors (e.g. 3 years from exercising the option) or vesting over a three-year period ("the vesting period") before they are released and are subject to continued employment (and in accordance with good leaver/bad leaver provisions specifically laid down by the Board of Directors when formulating the conditional share option agreement for the Executive Board) and any further KPIs.

Vesting of options can be tied to the Company's share price performance and the generation of cash flows compared with the approved budget and can be made subject to other forms of restrictions, such as requirements concerning the payment of dividends by MTHH.

Granting of share options is recommended by the Remuneration Committee for final approval by the Board of Directors. Similarly, the Remuneration Committee also assesses the vesting based on the degree of performance of the individual KPIs and recommends it for final approval by the Board of Directors. The Board of Directors may decide, on an ad hoc basis, to offer the participants in the programme a cash settlement of the individual annual grant of share options.

The share options for the first grant can be exercised at the earliest and no later than the day after the Annual General Meeting in 2020, i.e. 18 March 2020. After the expiry of the lock-up and vesting period, the shares cannot be sold until in the first open trading window for trading in shares in the Company.

The figures in the remuneration report for granting of share options are reported based on the granted amount for the respective year's grant and the accrued accounting figures from the consolidated financial statements, i.e. in accordance with IFRS 2, and further information will be considered in line with the development of market practices for listed companies in Denmark.

### 3.2.5 EXISTING AGREEMENTS

This remuneration policy applies to all agreements and subject matters occurring after the date of the approval of the policy at the Annual General Meeting. For the avoidance of doubt, the terms set out in this remuneration policy do not apply to any terms of any executive service agreements or any effective short-term or long-term incentive programmes entered into prior to the approval of this policy nor to any payments for work made under any employment agreement being applicable prior to an individual being promoted to become member of the Executive Board registered with the Danish Business Authority. Thus, the Board of Directors remains entitled to honour any historic commitments,

obviously with due consideration to any applicable former remuneration policies approved by the Annual General Meeting.

### 3.2.6 VARIABLE REMUNERATION – ADJUSTMENTS AND CHANGES

The Board of Directors may lay down specific provisions regarding (i) the termination of incentive schemes, including in connection with the resignation of a member of the Executive Board, (ii) accelerated vesting or exercise or other relevant adjustments to incentive pay in connection with full or partial take-over, significant divestment, demerger or merger etc., and (iii) adjustment of performance targets, etc. in the event of changes in the capital structure, significant dividend distributions or other significant events that might otherwise unintentionally affect the value or effect of the incentive pay.

### 3.2.7 EXTRAORDINARY BONUS

In special cases, the Board of Directors may at its own discretion award an Executive Board member extraordinary incentive-based remuneration such as an extraordinary cash bonus, retention bonus, sign-on bonus or other similar extraordinary forms of remuneration. Such payment may consist of a cash amount and/or share-based remuneration. The value of such extraordinary remuneration shall not exceed 100% of the fixed annual base salary at the time of granting the extraordinary bonus.

### 3.2.8 REPAYMENT OF VARIABLE REMUNERATION

In special circumstances, the Company may reclaim the variable remuneration, in whole or in part, (cash or share-based) from the relevant Executive Board member(s) or executive employees (claw-back), if payment has been made on an incorrect or inaccurate data basis. The LTI programme is subject to similar claw-back provisions, but with the special provision that if the bonus has been calculated on the basis of fraud or gross negligence, adjustments may be made for the first 12 months following the conversion of the LTI amount.

Moreover, the Company may, under special circumstances, reduce the payment of the variable long-term incentive programme for the relevant Executive Board member(s) or executive employee(s) (malus).

### 3.3 TERMS OF NOTICE AND SEVERANCE PAY

The Company can enter into agreements, which include possibility to terminate the employment of a member of the Executive Board with up to 18 months' notice. The notice of termination by the members of the Executive Board to the Company cannot exceed 12 months.

The members of the Executive Board have accepted competition and customer clauses, which corresponds a compensation during a potential resignation period. The compensation is on ordinary market conditions and amounts at the most to 50 % of the fixed monthly remuneration (fixed base salary).

The specific terms of termination and resignation of the members of the Executive Board are determined on an individual basis by the Board of Directors.

As a rule, no severance pay is granted in connection with resignation, unless the case is a mutual resignation agreement on ordinary market conditions, however, no more than 6 months remuneration.

#### **4 DECISION PROCESS AND APPROACH TO CONFLICTS OF INTEREST**

The Board of Directors must continuously evaluate the remuneration of Management on the basis of recommendations from the Remuneration Committee. When drawing up its recommendations, the Remuneration Committee uses other comparable enterprises as a guideline. The Board of Directors and the Remuneration Committee meet at least twice a year, when the remuneration of Management is discussed.

The Board of Directors has the overall responsibility for the continuous revision of the remuneration policy and shall ensure that there is always consistency between the remuneration policy, including its objectives, and the remuneration of the Company's Management. If changes are needed, the Remuneration Committee will prepare a draft revised remuneration policy for the Board of Directors' consideration and approval. The Board of Directors then decides whether the remuneration policy should be revised. If the Board of Directors approves the Remuneration Committee's draft revised remuneration policy, it will be submitted to the

shareholders for consideration and final approval at the Company's Annual General Meeting.

The Board of Directors and the Remuneration Committee shall ensure that no conflicts of interest arise in the determination and revision of the remuneration policy. The Executive Board has no decision-making power in relation to the remuneration policy, as it is the remuneration of the Executive Board that constitutes the key element of the remuneration policy. The Remuneration Committee, however, may consult the Executive Board when revising the remuneration policy. No members of the Executive Board attend Remuneration Committee meetings or Board meetings when their own remuneration is discussed.

There is no risk of conflicts of interest in relation to the Board of Directors' work on the remuneration policy, as (i) the Board of Directors receives only a fixed remuneration, (ii) the total remuneration of the Board of Directors is approved by the Company's shareholders at the Annual General Meeting and (iii) any significant change in the remuneration policy must be approved by the Company's shareholders at the Annual General Meeting.

#### **5 AMENDMENTS**

This remuneration policy is an update of MTHH's remuneration policy as adopted at the Company's Annual General Meeting on 17 March 2020.

The content of this policy, including the framework for the total remuneration package, corresponds, in all material respects, to the remuneration policy approved by the Annual General Meeting on 17 March 2020. It is, however, taken into account that the Company can update existing contracts and sign new contracts which correspond to the market situation, regarding in particular the Executive Board's compensation for competition and customer clauses.

#### **6 ADOPTION AND PUBLICATION**

The policy must be submitted for adoption at the Annual General Meeting every four years and in case of any significant amendments to the policy. This policy was adopted at the Company's Annual General Meeting on 16 March 2022 and is available on MT Højgaard Holding A/S's website ([www.mthh.dk](http://www.mthh.dk)).