

Remuneration policy in Rovsing

This remuneration policy describes the framework for remuneration in Rovsing. The remuneration policy is determined by the Board of Directors and approved at the Annual General Assembly. The remuneration policy is updated once per year. The remuneration policy applies to all managers and employees of Rovsing.

The goals of the remuneration policy are to promote the long-term value creation for shareholders, while observing principles of sound and effective risk management, good corporate governance and consideration of the Company's reputation.

The purpose is also that the remuneration policy is in accordance with the company's business strategy, objectives, values, and long-term interests, including that the remuneration of the Company's employees are in accordance with legal requirements for the protection of customers, employees and investors as well as the legislation in other respects, taking into account the Company's internal and long-term sustainability.

General remuneration principles and remuneration conditions

Rovsing wants the Company's remuneration level and principles to be market-adapted, so that the Company can constantly attract and retain the right employees. Thus, remuneration is considered to be one of several parameters that have an impact on the efforts to be an attractive workplace.

The actual remuneration for the individual employee is determined according to individual agreement where possible, and the starting point is based on job content as well as the employee's skills and performance. Remuneration to the Company's employees must not encourage risk-taking that exceeds the Company's risk profile.

The total salary for covered employees follows the agreement with Dansk Industri and for some employees the agreement for the European space base CSG in French Guiana. Employees are evaluated based on seniority, responsibility, skills and performance after which salary is regulated in accordance with the provisions of the agreement.

For the Company, there must be clear and well-known criteria for the efforts and results that can lead to step increases and lump sum payment. Any appointment must be justified by the responsible Director.

The employees are covered by a pension scheme through Velliv, and thus pay part of the salary to a pension savings. In addition, Rovsing pays contribution to the employees' pension scheme.

Upon resignation, severance pay is paid in accordance with the Salaried Employees Act and the provisions of the agreement.

Discretionary pension benefits are not paid to Management (the Board of Directors and the Executive Management).

Retention cash bonuses are not used. Employees are offered an incentive program consisting of a warrant program.

Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of a fixed annual fee. No separate remuneration is paid for sitting on the Audit Committee. The fee is differentiated in relation to the chairman. The remuneration to the Board of Directors is sought at a level that is market-based on the basis of the competence and resource requirements imposed on the board members.

The Board of Directors fees for the most recent financial year are approved at the Annual General Meeting in connection with the annual report, just as the size of the Board of Directors' basic fees and additional fees for the current financial year is recommended for approval at the Annual General Meeting. The members of the Board of Directors elected by the Annual General Meeting are appointed for a period of one year, typically at the Annual General Meeting. There are no retention or severance plans for the Company's board members.

Upon further decision by the Board of Directors, board members may in addition participate in incentive programs comprising warrants in order to establish a long-term incentive and a strong motivation to work for the Company's financial progress and to increase the Company's market value.

In connection with the Board of Directors' allocation of warrants, the Board of Directors may decide that the number of warrants granted may depend in whole or in part on the individual board member's investments in the Company's shares.

The individual board member does not pay remuneration for granted warrants, unless the board specifically decides otherwise. Warrants are earned as a retention bonus and will thus be conditional on the relevant board member's involvement in Rovsing according to further agreed principles.

In addition, the Board of Directors does not receive a performance-based bonus.

Table 1

Remuneration of the Board of Directors

Name and position	Yearly Board fee 2019/20	Change	Yearly Board fee 2020/21
Michael Hove Chairman of the Board of Directors	200.000	0	200.000
Ulrich Beck Member of the Board of Directors	100.000	0	100.000
Jakob Have* Member of the Board of Directors Board	30.645	39.247	69.892
Flemming Hynkemejer** Member of the Board of Directors Board	100.000	-69.893	30.107
Steen Rosenkvist*** Member of the Board of Directors Board	69.355	-39.248	30.107
Total	500.000	-69.894	430.106

*) Jakob Have was elected to the Board of Directors in October 2020.

**) Flemming Hynkemejer resigned from the Board of Directors in October 2020.

***) Steen Rosenkvist resigned from the Board of Directors in October 2020.

Remuneration of the Executive Management

In order to attract and maintain managerial competence, the elements of the Executive Management's remuneration have been determined taking into account its work tasks and value creation as well as terms in other Danish and global listed companies. Remuneration to the Executive Management includes fixed salary and pension, as well as benefits for IT and commuting and incentive program in the form of a cash bonus and share-based remuneration.

The individual remuneration elements are weighted on the basis of a desire to ensure a continued positive development of the company in both the short and long term.

Whether a member of the Executive Management is covered by an incentive program and which agreement or agreements are concretely entered into will depend on whether the Board of Directors deems this appropriate in order to meet the need to create a common interest between the Executive Management and shareholders and to accommodate both short- and long-term objectives, including but not limited to remuneration in connection with any divestment of business areas, be it the Company or isolated activities. In addition, the Executive Management's previous and expected performance, consideration for motivation and loyalty as well as the company's situation and development will also play a role.

The incentive pay can include the following benefits:

- Warrants as a retention bonus
- Cash bonus that is results-oriented

On 1 March 2018 a cash-based incentive program for the CEO and CFO was introduced. The cash-bonus was linked to an estimation determined at the time by the Board of Directors related to the future development in the Company's Revenue and EBITDA. The cash-based incentive program has not been revised since and as such the KPI's have not resulted in any cash bonuses in 2020/21. (2019/20 = 0)

Warrants are earned as a retention bonus and are thus conditional on the relevant director's employment in Rovsing.

According to the warrant program, the warrant holders can exercise the warrants on the third anniversary of the grant when all warrants are vested. Vesting is subject to continuous service. Warrants must be exercised within a period of a maximum of 5 years from the time of the grant.

The Executive Management has a notice period of 6 months.

Table 2

Remuneration of the Executive Management

Name and position	Fixed remuneration		Variable remuneration	Total remuneration	Proportional share fixed vs. variable share
	Yearly remuneration	Other benefits*	Pension contributions		
Hjalti Pall Thorvardarson CEO	1.107.000	39.376	83.025	1.229.401	93% / 7%
Sigurd Hundrup CFO	927.000	41.096	69.525	1.037.621	93% / 7%
Total 2020-21	2.034.000	80.472	152.550	2.267.022	

*) Other benefits include car subsidies

Table 3

Name and position	Total remuneration 2019-20	Change	Total remuneration 2020-21
Hjalti Pall Thorvardarson CEO	1.168.245	61.156	1.229.401
Sigurd Hundrup CFO	978.345	59.276	1.037.621
Total	2.146.590	120.432	2.267.022

Warrants

Rovsing A/S has a warrant incentive programme for the Company's Board of Directors, CEO, CFO and other employees. Each warrant entitles the holder to buy one share of DKK 50 each in Rovsing A/S. The current warrant program was introduced in December 2017 and the warrants have been vested with 1/3 in October 2018, 1/3 in October 2019 and 1/3 in October 2020. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. The exercise value for the warrants is DKK 75 and the exercise period is 60 months after allocation period.

Table 4

Warrants	Warrants	Value 30-06-21	No of shares 30/06/21	No of shares 30/06/20
Board of Directors:				
Michael Hove	22.702	794.570	11.566	11.566
Jakob Have	1.000	35.000	-	-
Ulrich Beck	7.775	272.125	2.482	2.482
Total BoD	31.477	1.101.695	14.048	14.048
Excecutive Management				
Hjalti Pall Thorvardarson	6.488	227.080		
Sigurd Hundrup	3.811	133.385		
Total Management	10.299	360.465		

The calculation of fair value using the Black-Scholes model is made on the assumption of a volatility of 57.6%, a dividend payout ratio of 0% and an annual risk-free interest rate of 0.5%. Expected volatility is calculated as volatility during the last 30 days of trading and amounts to 57.6%.

Endorsement

The Board of Directors has considered and approved the remuneration report for the financial year 2020-21 for Rovsing A/S.

The remuneration report is submitted in accordance with section 139 b of the Danish Companies Act.

The remuneration report is submitted for an indicative vote at the general meeting on 25 October 2021.

The Board of Directors

Chairman of the Board
Michael Hove

Board member
Ulrich Beck

Board member
Jakob Have