



# **Brødrene A & O Johansen A/S**

## Remuneration Report

Financial Year 2021

As approved by the Board of Directors on 22 February 2022



## Table of contents

<b>1</b>	<b>Introduction</b>	<b>2</b>
<b>2</b>	<b>Remuneration of the Board of Directors</b>	<b>2</b>
<b>3</b>	<b>Remuneration of the Executive Board</b>	<b>3</b>
3.1	Fixed base salary	4
3.2	Pension contributions	5
3.3	Short-term incentives	5
3.4	Long-term incentives	5
3.5	Non-monetary benefits	5
3.6	Claw-back	6
<b>4</b>	<b>Remuneration – comparative overview</b>	<b>6</b>
<b>5</b>	<b>Statement by the Board of Directors</b>	<b>8</b>
<b>6</b>	<b>Statement by the independent auditor</b>	<b>9</b>



## 1 Introduction

The Remuneration Report for 2020 was approved without comments at the Company's General Meeting held on 19 March 2021. The Board of Directors has today approved the Company's Remuneration Report for the financial year 2021.

The Report has been prepared in accordance with section 139 b of the Danish Companies Act.

The Report provides an overall overview of the remuneration awarded to, received by, or owed to each member of the Board of Directors and the Executive Board of Brødrene A & O Johansen A/S, CVR no. 58210617 for the financial year 2021. The Executive Board is the members of the executive management of the Company registered as such with the Danish Business Authority.

The remuneration of the Board of Directors and the Executive Board during the past financial year has been provided in accordance with the Remuneration Policy of the Company approved by the Annual General Meeting on 20 March 2020, which is available on the Company's website, <https://ao.dk/globalassets/download/regnskabsdata/2020/remuneration-policy-2020.pdf>.

The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board of Directors and the Executive Board, to promote value creation and sustainable return on AO's investments, to ensure sound and efficient risk management systems to the benefit of the Company's interests, and to align the interests of the shareholders with those of the Board of Directors and the Executive Board, both in the long term and the short term.

The stated remuneration is contained in the audited annual report for the Company and the Group for the financial year 2021, which is available on the Company's website <https://ao.dk/om-ao/investor-relations/in-english/financial-statements>.

## 2 Remuneration of the Board of Directors

Pursuant to the Remuneration Policy, members of the Board of Directors receive a fixed annual base fee based on the number of Board of Director and Committee seats held in the Company and the Group. Board members are not offered any incentive-based remuneration. This ensures that the Board of Directors is independent of short-term financial results and can focus on the Company's long-term strategic value creation and sustainability.

The annual base fee is in line with the Remuneration Policy taking into consideration the market practice of relevant comparable companies of the same size and complexity and taking into account the competency and performance requirements for members of the Board of Directors, including the number of meetings and committee work.

In addition to the base fee, the Chairman and the Deputy Chairman of the Board of Directors receive an additional fee which, in accordance with market practice, can constitute up to 100% and 50%, respectively, of the annual base fee.

Members of Board Committees also receive a fixed annual committee fee, which can constitute up to 100% of the base fee. In addition to the fixed annual committee fee, the Chairman and the Deputy Chairman of the Board Committees receive an additional fee. The additional fee can constitute up to 100% of the fixed annual committee fee for the Chairman and up to 50% for the Deputy Chairman.



Remuneration of the Board of Directors for the financial year 2021						
DKK thousand Name and position	Annual fee	Committee fee	Allowances	Benefits	Subsidiaries	Total remuneration
Henning Dyremose, Chairman Audit Committee	350	350	0	0	350	1,050
Michael Kjær, Deputy Chairman Audit Committee	263	263	0	0	262	787.5
Erik Holm, Board member Audit Committee	175	175	0	0	175	525
Preben Damgaard, Board member Audit Committee	175	175	0	0	175	525
Niels A. Johansen, Board member	175	0	0	0	175	350
René Alberg, Board member Employee representative	175	0	0	0	0	175
Carsten Jensen, Board member Employee representative	175	0	0	0	0	175
Jonas Kvist, Board member Employee representative	175	0	0	0	0	175
<b>TOTAL REMUNERATION</b>	<b>1,663</b>	<b>963</b>	<b>0</b>	<b>0</b>	<b>1,137</b>	<b>3,762.5</b>

No remuneration for specific tasks has been paid to members of the Board of Directors for the financial year 2021.

### 3 Remuneration of the Executive Board

The remuneration of the Executive Board is determined annually and approved by the Board of Directors based on recommendations by the Chairmanship, which ensures that the remuneration is in accordance with the Remuneration Policy and contributes to AO's business strategy, long-term interests and sustainability through the application of relevant short- and long-term financial goals (KPIs), strategic goals and development in the Company's share price.

The Board of Directors has adopted a remuneration structure for the Executive Board which best supports the objectives of the Remuneration Policy:

The remuneration of the Executive Board may consist of a combination of the following components:

- Fixed salary
- Short-term incentive pay
- Long-term incentive pay
- Pension
- Customary benefits (free travel, etc.)

The choice of these components creates a well-balanced remuneration package reflecting individual performance and responsibility of the members of the Executive Board in relation to established goals and targets, both in the short and the longer term, and the Company's overall performance.



The Executive Board's short and long-term incentive schemes are linked directly to the financial targets supporting the Company's strategy. The composition of the remuneration of each individual executive is determined with a view to contribute to the Company's ability to attract and retain competent key employees while, at the same time, ensuring that the Executive Board has an incentive to create more added value for the benefit of the Company's shareholders.

Members of the Executive Board do not receive separate remuneration for management posts held in the subsidiaries of the Company, but members of the Executive Board may, when agreed with the Board of Directors, receive a director's fee on an equal footing with external members of the Board of Directors. In 2021, no separate remuneration has been paid to members of the Executive Board for management posts held in subsidiaries apart from what is stated in section 2.

On recommendation from the Chairmanship, the terms of employment and remuneration for the CEO are approved by the Board of Directors. As agreed with the Chairmanship, the terms of employment and remuneration for other executives are negotiated by the CEO, and via the Chairmanship the outcome is recommended for approval by the Board of Directors.

Remuneration of the Executive Board for the financial year 2021						
DKK thousand Name and position	Fixed remuneration			Variable remuneration		Proportion of fixed and variable remuneration
	Base salary	Benefits	Pension	Cash bonus	Total remuneration	
Niels A. Johansen, CEO	9,170	3	1,337	1,350	11,860	89 % / 11%
Per Toelstang, CFO*	2,938	175	315	850	4,278	80% / 20%
Stefan Funch Jensen, CDO	2,253	130	326	600	3,309	82% / 18%
Lili Johansen, CHRO	2,961	3	289	850	4,103	79% / 21%
Gitte Lindeskov, CIO	2,188	149	316	600	3,253	82% / 18%
<b>TOTAL REMUNERATION</b>	<b>19,510</b>	<b>460</b>	<b>2,583</b>	<b>4,250</b>	<b>26,803</b>	<b>84% / 16%</b>

In 2021, only short-term incentive pay in the form of cash bonus has been used. Total remuneration of the Executive Board is determined on the basis of the experience of each individual executive and a market-related assessment.

### 3.1 Fixed base salary

The annual fixed base salary is intended to attract and retain competent key employees with a view to contribute to the Company's ability to obtain its short- and long-term targets.

The annual remuneration is based on the market level of other relevant companies of similar size, complexity and structure as well as the qualification requirements and results for each individual member of the Executive Board.



### 3.2 Pension contributions

Individual pension schemes are agreed upon within the salary scale determined by the Board of Directors. Pension contributions can constitute up to 16% of the fixed annual salary for the individual executive.

### 3.3 Short-term incentives

Members of the Executive Board may receive an annual cash bonus, which is intended to motivate and reward members of the Executive Board to help AO achieve the adopted short-term goals.

Goals are set for one year at a time and primarily include financial results such as gross margin, profit before tax, cash flow from operations, etc., but may also include share price performance and targets for the individual Executive Board member's functional area such as market share, employee turnover, employee satisfaction, implementations of new concepts, etc.

The payment and the size of the bonus will depend on the fulfilment of the agreed targets for the current year and will be paid out at the end of the vesting period.

For 2021, the Board of Directors has chosen to use the Group's profit before tax as KPI for the cash bonus for all members of the Executive Board. The cash bonus is determined on the basis of the actual profit before tax for 2021.

The cash bonus may not exceed a maximum of four months' fixed salary for each individual member of the Executive Board.

For the financial year 2021, a total cash bonus of DKK 4,250,000 was paid to the Executive Board, corresponding to 100% of the maximum payout.

KPI for cash bonus to the Executive Board					
DKK thousand Name and position	Description of KPI	Relative weighting of KPI	Performance	Achievement of target	Actual cash bonus award
Niels A. Johansen, CEO	Profit before tax	100%	100%	Above target	1,350
Per Toelstang, CFO	Profit before tax	100%	100%	Above target	850
Stefan Funch Jensen, CDO	Profit before tax	100%	100%	Above target	600
Lili Johansen, CHRO	Profit before tax	100%	100%	Above target	850
Gitte Lindeskov, CIO	Profit before tax	100%	100%	Above target	600
<b>TOTAL REMUNERATION</b>					

### 3.4 Long-term incentives

In 2021, members of the Executive Board have not been granted a long-term share-based incentive pay. In 2021, the Board of Directors has assessed that the granted short-term incentive pay in the form of bonus amounts serves the short and long term interests of both the company and its shareholders.

### 3.5 Non-monetary benefits

The members of the Executive Board are offered a number of customary work-related non-monetary benefits such as free travel, etc. The extent of individual benefits is negotiated with each individual member of the Executive Board within the guidelines laid down by the Board of



Directors, and it will not exceed 6% of the fixed annual salary, including pension, for the individual executive.

In addition, the members of the Executive Board are covered by a life and accident insurance taken out by AO.

### 3.6 Claw-back

In certain cases, variable components of remuneration awarded or paid to an Executive Board member may be reclaimed, in full or in part, by AO.

Certain cases include, but are not limited to, material misstatement in AO's annual report where the Executive Board member has been in bad faith or where it is assessed that the Executive Board member has exceeded his or her powers and inflicted a material loss on AO.

In the financial year 2021, no variable components of remuneration were reclaimed.

## 4 Remuneration – comparative overview

The development in the remuneration of the Board of Directors and the Executive Board from 2020 to 2021 is summarized in the table below.

<b>Comparison of remuneration and Company performance</b>			
<b>DKK thousand</b> <b>Financial performance, Parent Company</b>	<b>2021</b>	<b>Annual change</b> <b>2020 vs 2021</b>	<b>Annual change</b> <b>2019 vs 2020</b>
Revenue	4,531,370	+ 18% vs 2020	+ 17% vs 2019
Profit before tax	311,779	+ 49% vs 2020	+ 49% vs 2019
Cash flow from operations	313,486	- 8% vs 2020	+ 23% vs 2019
Share price	1,360	+ 125% vs 2020	+ 74% vs 2019
<b>Executive Board</b>			
Niels A. Johansen, CEO	11,860	+ 5% vs 2020	+ 5% vs 2019
Per Toelstang, CFO*	4,278	+ 6% vs 2020	N/A
Stefan Funch Jensen, CDO	3,309	+ 7% vs 2020	+ 8% vs 2019
Lili Johansen, CHRO	4,103	+ 5% vs 2020	+ 7% vs 2019
Gitte Lindeskov, CIO	3,253	+ 9% vs 2020	+ 12% vs 2019
<b>Board of Directors</b>			
Henning Dyremose, Chairman	1,050	+ 17% vs 2020	0% vs 2019
Michael Kjær, Deputy Chairman	787,5	+ 17% vs 2020	0% vs 2019
Erik Holm, Board member	525	+ 17% vs 2020	0% vs 2019
Preben Damgaard, Board member	525	+ 17% vs 2020	0% vs 2019
Niels A. Johansen, Board member	350	+ 17% vs 2020	0% vs 2019



<b>Comparison of remuneration and Company performance</b>			
<b>DKK thousand Financial performance, Parent Company</b>	<b>2021</b>	<b>Annual change 2020 vs 2021</b>	<b>Annual change 2019 vs 2020</b>
René Alberg, Board member (employee representative)	175	+ 17% vs 2020	0% vs 2019
Carsten Jensen, Board member (employee representative)	175	+ 17% vs 2020	0% vs 2019
Jonas Kvist, Board members (employee representative)	175	+ 17% vs 2020	0% vs 2019
<b>Average remuneration of Company employees (FTE)</b>			
Employees, excl. members of the management	508	+ 2.6% vs 2020	+ 2.2% vs 2019

The remuneration of the Board of Directors was adjusted in 2021. The remuneration was last adjusted in 2016.

\*Per Toelstang has been serving as the Company's CFO since 1 February, 2020, and therefore his remunerations for 2020 only covers the period from 1 February to 31 December 2020.





## 5 Statement by the Board of Directors

The Board of Directors has today considered and approved the Remuneration Report of Brødrene A & O Johansen A/S for the financial year 2021.

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

The Remuneration Report is submitted for an advisory vote at the Annual General Meeting.

Albertslund, 22 February, 2022

### Board of Directors

Henning Baunbæk Dyremose  
Chairman

Michael Kjær

Erik Preben Holm

Niels Axel Johansen

Preben Damgaard Nielsen

Carsten Jensen

Jonas Kvist

René Søren Alberg



## 6 Statement by the independent auditor

To the Shareholders of Brødrene A & O Johansen 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 2021, 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 2021.

We found no reason to point out any omissions with respect to the disclosures included in the remuneration report for 2021.

Hellerup, 22 February, 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Anders Stig Lauritsen  
State-Authorised Public Accountant

mne32800

Flemming Eghoff  
State-Authorised Public Accountant

mne30221