# Executive Service Contract

*(CEO)*

Today, the following parties

*[insert name]*

*[insert address]*

*[insert address]*

*[insert civil registration number, if relevant]*

(the “CEO”)

and

*[insert name of business]*

*[insert address]*

*[insert address]*

*[insert CVR number]*

(the “Company”)

have entered into the following contract:

## List of contents Page

**1 Commencement, length of service and place of work 3**

**2 Duties and responsibilities 3**

**3 Hours of work, outside duties and capital investments 3**

**4 Base salary 4**

**5 Bonus 5**

**6 Shares, stock options and warrants 5**

**7 Pension 5**

**8 Insurance 5**

**9 Newspapers and magazines 6**

**10 Fully-expensed telephone and home office 6**

**11 Company car 7**

**12 Travel and entertainment 7**

**13 Holiday and other time off 8**

**14 Professional development and networking 8**

**15 Sickness absence 9**

**16 Childbirth and adoption leave and pay** **9**

**17 Inventions, IPR, etc. 10**

**18 Termination 10**

**19 Change of control etc. 12**

**20 Post-service salary 12**

**21 Confidentiality 12**

**22 Disputes 13**

**23 Miscellaneous 14**

**Clause 1** **Commencement, length of service and place of work**

The CEO’s appointment will commence on [*insert date*].

The period of continuous employment will be deemed to begin on [*insert date*].

The CEO will work from the Company’s premises at *[insert address].*

**Clause 2**  **Duties and responsibilities**

The CEO is accountable to and reports directly to the Company’s board of directors for the day-to-day management of the Company’s overall activities.

The CEO is responsible for the day-to-day management of the Company in accordance with Danish law, the Company’s articles of association and any general or specific directions given by the board of directors

The day-to-day management includes all usual business and organisational transactions in the course of the Company’s business. The CEO will recruit and dismiss the Company’s employees and define their duties, responsibilities and powers.

*[insert where relevant:* However, executives will be recruited and dismissed subject to recommendation to the Company’s board of directors.*]*

The CEO must notify the board of directors of all matters concerning the Company which may be assumed to be of material interest to the board of directors.

The CEO is entitled to attend and speak at board meetings, unless otherwise decided by the board of directors for objective reasons in each individual case.

The CEO will be registered with the Danish Business Authority. The Company undertakes to deregister the CEO from the Danish Business Authority as from the effective date of termination of this Executive Service Contract.

**Appendix 1** hereto is a job description, which specifies the other requirements to the position. **Appendix 2** hereto is a management instruction letter specifying the allocation of responsibilities (mandate and communication) between the board of directors and the CEO.

Any enlargement of the executive board is subject to consent from the CEO. In the absence of such consent, clause 19 will apply.

**Clause 3**  **Hours of work, outside duties and capital investments**

The CEO must devote all his time and skill to the Company’s business. The CEO’s pay is based on an average of 37 working hours per week. However, the CEO must work whatever hours are necessary to carry out the CEO’s duties and responsibilities properly. There will be no separate compensation for any hours worked in excess of 37 hours as such overtime is reflected in the CEO’s pay.

If so directed by the board of directors, the CEO must serve on the board of directors of one or more of the Company’s subsidiaries. The CEO will be entitled to a fee in this regard, the amount of which is subject to agreement with the chairman of the board of directors before the CEO joins such board.

The CEO is entitled to carry on with his current board and other duties in [*insert names*] so long as such duties are not performed for businesses which are direct competitors of the Company. Any fee in this regard will belong to the CEO, and the Company will not be entitled to set-off against such fee.

The CEO may engage in other outside duties only with the consent of the chairman of the board of directors.

The CEO is further entitled to continue his current and/or engage in new training, lecturing and similar activities without seeking the consent of the chairman of the board of directors in each individual case. The Company will not be entitled to set-off against any fees received by the CEO in this regard.

**Capital investments**

The CEO is entitled to hold shares, be a partner and otherwise be financially interested in any businesses so long as they are not direct competitors of the Company. However, the CEO is allowed to invest in investment associations which subsequently invest in competitor businesses so long as the CEO does not have a controlling interest in the association, and the CEO is also allowed to make usual capital investments in the securities of listed companies – whether competitors or not – so long as the CEO does not acquire or have a controlling interest in such company.

**Clause 4**  **Base salary**

On commencement, the CEO’s annual salary amounts to DKK [*insert amount*]. The salary is payable monthly [*insert in arrears or in advance*] in 12 equal instalments on the last banking day of each month.

Each year in the month of [*insert month*], the CEO will negotiate his salary with the chairman of the board of directors, for the first time in [*insert month and year*]. Any raise will be effective from [date].

**Clause 5**  **Bonus**

In addition to the salary set out in clause 4, the CEO is entitled to a bonus every [*insert year or quarter*] on the terms and conditions set out in the bonus agreement attached hereto as **Appendix 3**.

The bonus, which is a regular and foreseeable component of the CEO’s pay, is pensionable and will attract holiday pay and holiday supplement. The bonus will be paid no later than one month after the [financial statements/interim financial statements] have been prepared and approved by the Company’s [*insert board of directors or general meeting*].

If the CEO leaves the Company part way through a financial year, the CEO will be entitled to a pro rata bonus based on the bonus the CEO would have been entitled to receive if the CEO had still been employed with the Company at the end of the financial year or at any other date when the bonus is paid out, see the principle in section 17a of the Danish Salaried Employees Act. In this context, it is of no relevance whether the employment is terminated by the CEO or the Company. In this connection, the CEO will be entitled to receive relevant financial information for purposes of determining any bonus entitlement.

**Clause 6** **Shares, stock options and warrants**

The Danish Stock Options Act will apply.

On commencement, the CEO will receive an award of *[shares/stock options/warrants]*. The terms and conditions of such award are laid down in a separate agreement, which is drafted in parallel with this Executive Service Contract and attached hereto as **Appendix 4**.

**Clause 7**  **Pension**

In addition to the pay agreed by the parties, the Company will pay a pension contribution of [*insert percentage*]% of the CEO’s total cash pay under clauses 4 and 5. The contribution is payable monthly in arrears to [*insert pension provider*].

**Clause 8**  **Insurance**

Following a review of the CEO’s existing pension insurance cover, see clause 7, the CEO will be entitled to unconditionally request as follows:

The Company will pay the annual premium for personal accident insurance for the CEO on normal insurance and premium terms and conditions. The policy must provide cover of DKK [*insert amount*] for 100% disability, and the amount of cover will be linked to the consumer price index published by Statistics Denmark every year.

The Company will pay the annual premium for life assurance for the CEO on normal insurance and premium terms and conditions. The policy must provide a benefit of DKK [*insert amount*] if the CEO dies, and the amount of cover will be linked to the consumer price index published by Statistics Denmark.

The CEO’s spouse, partner or dependants under the age of 24 or, in the absence of such, the CEO’s estate must be the beneficiary in case of the CEO’s death.

The Company will pay the annual premium for critical illness insurance for the CEO on normal insurance and premium terms and conditions. The sum insured must amount to DKK [*insert amount*] and will be linked to the consumer price index published by Statistics Denmark.

The Company will pay the annual premium for health insurance and insurance for loss of earnings capacity (industry-specific and subject to 50% permanent impairment) on normal insurance and premium terms and conditions.

In addition, the Company will pay for an annual health check for the CEO if so requested by the CEO.

The Company will pay the cost of usual travel insurances, which must also cover the CEO’s spouse/partner if such spouse/partner is accompanying the CEO on his travels.

After commencement, the Company must take out professional liability insurance with an insurer designated by the CEO, and pay all costs involved. The insurance policy must also cover the CEO’s liability if the CEO joins the board of directors of one or more of the Company’s subsidiaries in Denmark and abroad. The sum insured must reflect the size and nature of the subsidiary in question and the amount of any losses that may be imposed on other parties in connection with the CEO’s performance of his duties.

**Clause 9**  **Newspapers and magazines**

The Company will pay for [*insert number*] newspaper(s) and subscription(s) for [*insert magazine(s)*] to be delivered to the CEO’s home address.

**Clause 10**  **Fully-expensed telephone and home office**

The Company will provide a fully-expensed mobile phone *[insert make/model, if relevant]* and the Company will also pay for a landline and an internet connection at the CEO’s home.

The Company will further set up a home office in the CEO’s home and provide the equipment necessary for the CEO to perform his duties, including a laptop with relevant software and printer.

The Company will pay all costs involved in setting up such home office and the current expenses involved, and the home office may also be used by the CEO for private purposes.

**Clause 11**  **Company car**

On commencement, the Company will provide a company car at an acquisition price of DKK [*insert amount*]. *[Alternatively, insert amount of monthly lease fee]*.The car may be used by the CEO and his family for private purposes, and the car is fully expensed, meaning that the Company will pay the full acquisition cost and all operating expenses involved in the use of the car in Denmark and abroad. The acquisition price [*or insert*: The amount of the monthly lease fee*]* is subject to adjustment every year in accordance with the consumer price index published by Statistics Denmark.

The CEO is entitled to have the car replaced every three years.

Instead of a company car, the CEO is entitled to have his salary increased by an allowance of DKK [*insert amount*] annually.

If the CEO has opted for the company car in connection with commencement, the CEO will only be entitled to choose the allowance instead when replacing the company car.

The tax consequences will be of no concern to the Company.

**Clause 12**  **Travel and entertainment**

The Company will reimburse all travel and entertainment expenses incurred by the CEO on company business upon presentation of valid receipts. The CEO is entitled to a reasonable advance to cover such expenses, unless the CEO has been issued with a credit card without liability for the CEO.

Any expenses relating to the CEO’s spouse/partner accompanying the CEO on his travels etc. will be reimbursed if the spouse/partner accompanied the CEO at the request of the board of directors.

If the CEO uses his own car in the Company’s service, the Company will pay mileage at the highest rates applicable to government employees. The Company will pay such mileage once a month with the CEO’s salary.

**Clause 13**  **Holiday and other time off**

**Holiday**

The CEO is covered by the Danish Holiday Act subject to the variations provided for in this Executive Service Contract.

The CEO is entitled to five weeks of holiday and an additional week of holiday, totalling six weeks of holiday per calendar year. The CEO will receive his usual pay and pension while on holiday.

With the April salary, the Company will also pay a holiday supplement equivalent to *[insert percentage – but at least 1]*% of the CEO's cash pay under clauses 4 and 5 in the previous calendar year.

The CEO will decide at his own discretion – taking into account the best interests of the Company – the timing of such holiday and will then notify the chairman of the board of directors. Any untaken holiday must be carried forward to the next calendar year or be paid out, as requested by the CEO.

The CEO cannot be required to take his holiday entitlement during the notice period, but may request to have all untaken holiday paid out. The above will apply, regardless of whether the CEO is released from the duty to work all or part of the notice period.

On termination, the CEO will be entitled to holiday pay equivalent to 15% of the CEO’s salary, benefits and bonuses during the past 12 months prior to the date when the CEO de facto leaves the Company. The holiday pay will be paid out as a cash sum with the final salary.

In the year of commencement, the CEO will be entitled to paid holiday (2.5 days per month) on a pro rata basis for the remaining months of the calendar year on commencement.

**Other time off**

The first day of a child’s sickness is a day off on full pay.

Weekends and public holidays are also days off on full pay. In addition, 24 December, 31 December, the Friday after Ascension Day as well as 5 June are days off on full pay.

**Clause 14**  **Professional development and networking**

The CEO is entitled to participate in supplementary training programmes in Denmark and abroad at the Company’s expense for the purpose of maintaining and developing his professional and personal skills. In this connection, the Company will pay an annual amount of DKK [amount] towards such supplementary training. Any amounts which are not used within a one-year period may be carried forward to the next period. On termination, any amounts which have not been used will be paid out to the CEO with the final salary.

The CEO will decide and plan his own professional development activities and then notify the chairman of the board of directors.

In addition, the Company will cover all expenses involved in the CEO’s participation in networks.

The CEO is entitled to time off on full pay to participate in such professional development and networking activities.

**Clause 15**  **Sickness absence**

The CEO is entitled to sickness absence on full pay.

**Clause 16** **Childbirth and adoption leave and pay**

The CEO is entitled to pregnancy, childbirth and adoption leave in accordance with the Danish Act on Entitlement to Leave and Benefits on Childbirth in force from time to time, and this Act will apply, unless otherwise provided.

## [*insert if CEO is woman*]

## The CEO is entitled to full pay from the Company during the following periods:

## 4 weeks of pregnancy leave before the expected date of birth

## 14 weeks of maternity leave after childbirth

## 10 weeks of parental leave. The 10 weeks may be taken at any time at the CEO’s discretion during the period from 15 to 46 weeks after childbirth.

## [*insert if CEO is man*]

## The CEO is entitled to full pay from the Company during the following periods:

* 2 weeks of paternity leave. The 2 weeks may be taken at any time at the CEO’s discretion during the first 14 weeks after childbirth.

## 10 weeks of parental leave. The 10 weeks may be taken at any time at the CEO’s discretion during the first 46 weeks after childbirth.

The CEO is entitled to his full pension entitlement during any periods of unpaid or partially paid leave.

## The above will apply correspondingly to adoption.

**Clause 17**  **Inventions, IPR, etc.**

If, during the course of his employment, the CEO develops or contributes to the development of any invention or utility model that is patentable or registrable in Denmark and falls within the field of activity of the Company or a specific assignment given by the Company, the Danish Employee Inventions Act will apply, unless otherwise provided for in this Executive Service Contract.

Section 7(1) of the Danish Employee Inventions Act is varied to the effect that the Company must notify the CEO in writing whether it wishes to acquire the rights in an invention within one month of receiving the notice mentioned in section 6 of the Act. This will not apply, however, if the Copany has notified the CEO in writing that it is not interested in the invention.

The CEO is entitled to reasonable compensation if the CEO assigns to the Comany any invention, creation, production method, know-how, design, patent, trademark or other mark, copyright and other intellectual property right and asset discovered, created or developed by the CEO, whether alone or together with other persons.

In fixing the amount of such compensation, due account must be taken of the value of the invention, its importance to the Company, the terms and conditions of the CEO’s employment and the importance of the CEO’s contribution in relation to the invention and any other relevant factors. The amount of compensation must be at least [*insert percentage, e.g. 10 or 25*]% of the value of the exploitation rights less direct sales, marketing, contracting and implementation costs. The compensation will be payable to the CEO as a lump sum.

**Clause 18**  **Termination**

**Notices**

The provisions of the Danish Salaried Employees Act on termination notices will not apply.

The Company is entitled to terminate this Executive Service Contract by giving [*number of months, at least 6, e.g. 9 or 12*] months’ notice, and the CEO is entitled to terminate this Executive Service Contract by giving [*number of months, e.g. 1 month’s or 3 months’*] notice to expire on the last day of a month. The notice of termination must always be in writing and will expire on the last day of a month.

**Release from duty to work**

The CEO is entitled to be released from the duty to work no later than 14 days after the notice of termination and receive his usual pay inclusive of all pay components during the entire notice period without set-off by the Company against any other income earned by the CEO during the notice period. The above will apply [*insert* regardless of whether this Executive Service Contract is terminated by the CEO or the Company] *or* [*insert* if this Executive Service Contract is terminated by the Company].

**Termination pay**

The CEO is entitled to termination pay if this Executive Service Contract is terminated by the Company or by the CEO for breach by the Company. Such termination pay will be in addition to the CEO’s pay during the notice period and will amount to [*insert number of months*] months’ pay as at the time of the notice of termination. The CEO’s entitlement to termination pay will not be affected by any decision on the part of the CEO to give counter-notice to resign, and the CEO will also be entitled to termination pay if the CEO terminates this Executive Service Contract for breach by the Company.

Termination pay will be payable to the CEO at the effective date of termination or, alternatively, to the group of persons mentioned in clause 20, and must be calculated in the same way as redundancy pay under section 2a of the Danish Salaried Employees Act. Bonus will be included in the calculation as an average of the bonuses paid over the past three years.

**Outplacement**

If this Executive Service Contract is terminated by the Company or by the CEO for breach by the Company, the Company must pay the cost of an outplacement programme to assist the CEO in finding other suitable employment or other professional development at the CEO’s option. The limit of such costs is [*insert number of months*] months’ salary under clause 4, exclusive of VAT. If the amount is not used in whole or in part, the balance will be paid to the CEO.

**Availability of non-pay benefits**

The company car, landline and mobile phone, internet connection, PC and subscriptions mentioned in clauses 9-11 will continue to be available to the CEO during the notice period, even if the CEO is released from the duty to work. Regardless of whether the CEO has been released from the duty to work, however, the CEO will be entitled at any time up until the effective date of termination to return any or all such benefits and have their taxable value paid out for the remainder of the period until the effective date of termination.

**Clause 19**  **Change of control etc.**

If the Company is involved in a merger, if the majority of votes in the Company changes hands or if the board of directors fundamentally changes the business strategy or the CEO’s powers to the extent that the CEO ranks equal or lower to any other executive officer of the Company, the CEO will be entitled – by written notice to the board of directors no later than one month after the effective date of such change – to consider such change as a notice of termination by the Company effective from expiry of the notice to be given by the Company.

In such case, the CEO will be entitled to be immediately released from the duty to work, and to receive full pay during the entire notice period, regardless of whether the CEO obtains other employment, income or pension during that period.

If the CEO decides not to consider such change as a notice of termination by the Company, the notice to be given by the Company will then be extended to [*insert number of months*] months and the notice to be given by the CEO will be reduced to [*insert number of months*] months.

**Supplementary termination pay**

If the CEO decides to consider such change as a notice of termination by the Company or if this Executive Service Contract is terminated by the Company in one of the above scenarios, the CEO will be entitled – in addition to termination pay under clause 18 – to supplementary termination pay equivalent to six months’ pay. Supplementary termination pay will be payable to the CEO or, alternatively, to the group of persons mentioned in clause 20 at the effective date of termination. Supplementary termination pay must be calculated in the same way as termination pay under clause 18.

**Clause 20** **Post-service salary**

If, for whatever reason, the CEO dies while in the Company’s employment, the Company will pay a post-service salary of six months’ pay to the CEO’s spouse, partner or dependants under the age of 24, the amount of which will be calculated in the same way as termination pay under clause 18.

If the CEO leaves no such spouse, partner or dependants, the post-service salary will be paid to the CEO’s estate instead. The post-service salary will be in addition to termination pay and supplementary termination pay under clauses 18 and 19.

**Clause 21** **Confidentiality**

The CEO is subject to a duty of confidentiality with regard to all information obtained by the CEO in the course of his employment in connection with the performance of his duties as a CEO, unless such information, as a result of its nature, should be disclosed to third parties. The duty of confidentiality will apply during the CEO’s employment as well as after its termination.

When the CEO leaves the Company – for whatever reason – the CEO must return all company property in the CEO’s possession to the Company.

**Clause 22** **Disputes**

**Mediation**

The parties must endeavour together to obtain a speedy and amicable solution to any dispute arising out of this Executive Service Contract, including any dispute concerning its existence or validity.

The parties may seek to resolve a dispute by mediation before the Danish Institute of Arbitration in accordance with its rules on mediation as at the date when the request for mediation is submitted.

Mediation will not imply any waiver of remedies such as seizure orders or interim injunctions, and will not preclude any of the parties from issuing proceedings before the ordinary courts in accordance with the below provisions or from taking any other legal steps as a result of the dispute in order to avoid forfeiting its rights by non-action or limitation.

If the dispute is not resolved by mediation within 30 days after appointment of the mediator, the Company as well as the CEO will be entitled to submit the dispute to the ordinary courts.

All costs incurred in connection with an agreed mediation procedure, including the parties’ legal fees, will be paid by the Company.

**Ordinary courts**

Any dispute arising out of this Executive Service Contract which cannot be amicably resolved by the parties through negotiation or mediation must be submitted to the ordinary courts.

**[Arbitration**

*If arbitration is agreed by the parties, the following must be included in the contract:*

The parties must endeavour to resolve any dispute arising out of this Executive Service Contract, including any dispute concerning its existence or validity, by mediation before the Danish Institute of Arbitration in accordance with its rules on mediation as at the date when the request for mediation is submitted.

If the mediation procedure is unsuccessful, the dispute must be submitted to arbitration before the Danish Institute of Arbitration in accordance with its rules of arbitration procedure as at the date when the complaint is submitted.

The Company will pay all expenses for the arbitration tribunal and any security required, as well as the CEO's and the Company's legal fees. The CEO will have no expenses of any kind for the arbitration tribunal and legal fees, and the CEO will therefore provide no security, either. If the arbitration tribunal does not wish to comply with the above provisions, the dispute must be submitted to the ordinary courts instead.]

**Clause 23** **Miscellaneous**

Unless otherwise provided, the provisions of the Danish Salaried Employees Act and the Danish Holiday Act will apply.

Regardless of whether this Executive Service Contract is terminated by the CEO or the Company, the Company is not entitled to withhold any salary, bonus, benefits, holiday pay, termination pay or post-termination salary in whole or in part. This will also apply in case the CEO is released from the duty to work, placed on suspension, summarily dismissed or reported to the police or in case of any legal disputes. The CEO will be entitled to collect any such amount from the Company through enforcement proceedings without a court order.

[*insert place*], [*insert date*] [*insert place*], [*insert date*]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The CEO For the Company