# Executive Service Agreement

*(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 this Executive Service Agreement (the “Agreement”):

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

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

The CEO’s length of service will be counted from [*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 Agreement.

**Appendix 1** hereto is a job description specifying 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, external occupation and capital investments**

The CEO must devote all [his/her] time and skills 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 required 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 agreed with the board of directors, the CEO must serve as Managing Director 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 board chairperson prior to the CEO taking on such position.

The CEO is entitled to continue [his/her] current board and other duties in [*insert names*] as long as such duties are not carried out for businesses competing directly with the Company’s business activities. Any fee in this regard belongs to the CEO, and the Company will not be entitled to set-off against such fee.

The CEO may engage in other external duties only with the consent of the chairperson of the board of directors.

The CEO is further entitled to continue [his/her] current and/or engage in new training, lecturing and similar activities without seeking the consent of the chairperson 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 as long as such businesses are not competing directly with the Company’s business activities. However, the CEO is allowed to invest in investment associations subsequently investing in competing businesses as 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 securities of listed companies – whether competitors or not – as 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 no later than on the last banking day of each month.

Each year in the month of [*insert month*], the CEO will negotiate [his/her] salary with the chairperson of the board of directors, first time in [*insert month and year*]. Any adjustment 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, and is included in the calculation of the CEO’s pension, holiday allowance and holiday supplement. The bonus will be paid no later than one month upon preparation and approval of the [financial statements/interim financial statements] by the Company’s [*insert board of directors or general meeting*].

If the CEO leaves the Company within a financial year, the CEO will be entitled to a pro rata bonus based on the bonus to which the CEO would have been entitled had the CEO still been employed with the Company at the end of the financial year or at any other date when the bonus is paid out, in accordance with the principle in section 17a of the Danish Salaried Employees Act (*funktionærloven*). 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 (*aktieoptionsloven*) will apply.

 On commencement of the employment relationship, 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 drafted concurrently with this Agreement 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 corresponding to [*insert percentage*]% of the CEO’s total compensation 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 (*Danmarks Statistik*) 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*] in case of the CEO’s decease, and the amount of cover will be linked to the consumer price index published by Statistics Denmark.

In case of the CEO’s decease, the CEO’s spouse, partner or children under the age of 24 or, in the absence of such, the CEO’s estate must be the beneficiary.

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 per cent 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 a professional liability insurance with an insurance provider 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 Company and subsidiaries 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. The CEO must be covered by the professional liability insurance for a 12-month period following the CEO’s resignation.

**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**  **Free telephone and home office**

The Company will make a free mobile phone *[insert make/model, if relevant]* available to the CEOand the Company will also pay for internet connection at the CEO’s home address.

The Company will further set up a home office at the CEO’s home address 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.

At resignation, the CEO is entitled to have the mobile number *[insert number*] transferred to [him/her].

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

On commencement of the employment relationship , the Company make a company car available to the CEO, 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/her] family for private purposes, and the 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 each 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/her] salary increased by an allowance of DKK [*insert amount*] annually. In addition, the Company will pay mileage (*kørselsgodtgørelse*) according to the currently highest rate of the Danish State rules in this respect.

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

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/her] 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/her] own car in service of the Company, the Company will pay mileage according to the currently highest rate of the Danish State rules in this respect. The Company will pay such mileage once a month together with the CEO’s salary.

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

 **Holiday**

The CEO is covered by the Danish Holiday Act (*ferieloven*) subject to the deviations provided for in this Agreement.

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/her] usual pay and pension while on holiday.

In addition, with the salary for May and September respectively, the Company will pay a holiday supplement corresponding to *[insert percentage – but at least 1]*% of the CEO's cash pay under clauses 4 and 5 in the previous calendar year, cf. clause 18 of the Danish Holiday Act.

The CEO will decide at [his/her] own discretion – taking into account the best interests of the Company – the timing of such holiday and will then notify the chairperson 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 Company is not entitled to request the CEO to take [his/her] holiday entitlement during the notice period. The CEO may request to have all untaken holiday paid out. The above will apply, regardless of whether the CEO is released from duty to work during the entire or part of the notice period.

On resignation, notwithstanding the principles of section 26 of the Danish Holiday Act, the CEO will be entitled to holiday pay equivalent to 15 per cent of the CEO’s salary, benefits and bonuses. The holiday pay will be paid out as a cash sum together with the final salary.

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

**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, Christmas Eve (24 December), New Year’s Eve (31 December), the Friday after Ascension Day as well as Constitution Day (“Grundlovsdag”, 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/her] professional and personal skills. In this connection, the Company will cover an annual amount of DKK [amount] exclusive of VAT for such supplementary training. Any amounts which are not used within a one-year period may be carried forward to the next period. On resignation, any amounts which have not been used will be paid out to the CEO together with the final salary.

The CEO will decide and plan [his/her] own professional development activities and notify the chairperseon of the board of directors hereof.

In addition, the Company will cover all expenses incurred in connection with the CEO’s networking activities.

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

**Clause 15**  **Absence due to sickness**

The CEO is entitled to full pay in case of absence due to sickness.

**Clause 16** **Leave and salary during maternity/paternity/parental leave and adoption**

The CEO is entitled to pregnancy, childbirth and adoption leave in accordance with the Danish Maternity Leave Act (*barselsloven*) in force from time to time, and this Act will apply, unless otherwise provided.

## [*insert if CEO is a 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 following childbirth

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

## [*insert if CEO is a man/co-mother*]

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

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

The CEO is entitled to [his/her] 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 Company’s field of activity or a specific assignment given by the Company, the Danish Employee Inventions Act (*lov om arbejdstagers opfindelser*) will apply, unless otherwise provided for in this Agreement.

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

When 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*] per cent 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**  **Dismissal**

**Notices**

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

The Company is entitled to terminate this Agreement by giving [*number of months, at least 6, e.g. 9 or 12*] months’ notice, and the CEO is entitled to terminate this Agreement 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 given within the end of a month.

**Release from duty to work**

The CEO is entitled to be released from duty to work no later than two weeks following notice of termination and receive [his/her] 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 Agreement is terminated by the CEO or the Company] *or* [*insert* if this Agreement is terminated by the Company].

 **Severance pay**

The CEO is entitled to a severance pay if this Agreement is terminated by the Company or by the CEO due to breach by the Company. Such severance 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 severance pay will not be affected by any decision on the part of the CEO to give counter-notice to resign, and the CEO will maintain [his/her] entitlement to severance pay if the CEO terminates this Agreement due to breach by the Company.

The severance pay will be payable to the CEO on 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 severance pay as per section 2a of the Danish Salaried Employees Act. Bonus will be included in the calculation as per section 9 (3) of the Danish Salaried Employees Act.

**Outplacement**

If this Agreement is terminated by the Company or by the CEO due to breach by the Company, the Company shall pay the cost related to an outplacement programme to assist the CEO in finding other suitable employment or other professional development at the CEO’s discretion. The limit of such costs corresponds to [*insert number of months*] months’ salary as per clause 4, exclusive of VAT. If the amount is not used wholly or partly, the balance will be paid to the CEO.

**Availability of non-pay benefits**

The company car, mobile phone, internet connection, laptop 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 duty to work. Regardless of whether the CEO has been released from 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 notice period/release 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 dismissal 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 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 dismissal 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 severance pay**

If the CEO decides to consider such change as a notice of dismissal by the Company or if this Agreement is terminated by the Company in one of the above scenarios, the CEO will be entitled – in addition to the severance pay under clause 18 – to a supplementary severance pay corresponding to [*insert number of months*] months’ pay. The supplementary severance pay will be payable to the CEO or, alternatively, to the group of persons mentioned in clause 20 on the effective date of termination. The supplementary severance is calculated in the same way as the severance pay under clause 18.

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

If, for whatever reason, the CEO dies while employed by the Company, the Company will pay a post-service salary corresponding to [*insert number of months*] months’ pay to the expiry of a month, payable to the CEO’s spouse, partner or children under the age of 24, the amount of which will be calculated in the same way as the severance pay under clause 18.

If the CEO leaves no such spouse, partner or children under the age of 24, the post-service salary will be paid to the CEO’s estate instead. Subject to the terms in clauses 18 and 19 having been met, the post-service salary will be in addition to the severance pay and the severance pay under said 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 connection with the performance of [his/her] 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.

In case of the CEO leaving 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 disputes arising out of this Agreement, including any disputes concerning its existence or validity.

The parties may seek to resolve a dispute by mediation before the Danish Institute of Arbitration (in Danish: “Voldgiftsinstituttet”) in accordance with its rules on mediation as at the date on which 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 following 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 Agreement which cannot be amicably resolved by the parties by means of 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 disputes arising out of this Agreement, including any disputse concerning its existence or validity, by mediation before the Danish Institute of Arbitration (in Danish: “Voldsgfitsinstituttet”) in accordance with its rules on mediation as at the date on which 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 on which 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 agreed, the provisions of the Danish Salaried Employees Act and the Danish Holiday Act will apply.

[*Alternative*: Neither the Danish Salaried Employees Act, nor the Danish Holiday Act apply to this Agreement].

Regardless of whether this Agreement is terminated by the CEO or the Company, the Company is not entitled to withhold wholly or partly any salary, bonus, benefits, holiday pay, severance pay or post-termination salary. This will also apply in case the CEO is released from duty to work, suspended, 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*]

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 The CEO For the Company