|  |
| --- |
| May 2022 |
| CONTRACTCEO CONTRACTThis model contract can be used for CEOs, managing directors and others with overall responsibility for day-to-day management and for direct reporting to the Board.[This CEO contract was prepared with outset in a limited company, and the contract must therefore be adapted if employment is in a private limited company, a partnership, an independent institution or a sole trader. *Note that where text is written in italics, information is to be inserted or a choice between several options is to be made*.] |
|  |
| Contact[Write to IDA](https://english.ida.dk/legal-advice)+45 33 18 48 48 | Kalvebod Brygge 31-331560 Copenhagenida.dk |

**CEO CONTRACT**

Between the undersigned

[*insert name*]

[*insert address*]

[*insert city & postal code*]

[*insert CPR number (civil registration number), if relevant*]

(hereinafter 'the CEO')

and the co-signatory

[*insert name*

[*insert address*]

[*insert city & postal code*]

*insert CVR number (business registration number)*

(hereinafter 'the Company')

have today entered into the following CEO Contract:

**1. APPOINTMENT**

1.1 The CEO is appointed with effect from *insert date and year* at the Company with *insert address* as his/her main place of work.

**2. EMPLOYMENT AND RESPONSIBILITIES**

2.1 In accordance with legislation and reporting to the Board, the CEO is responsible for all business activities of the Company. The CEO is responsible for day-to-day management and in this connection reports to the Board of the Company.

2.2 The CEO is responsible for employing and dismissing staff of the Company, and for determining the fields of work and authority of staff.

2.3 The CEO will be registered with the Danish Business Authority.

2.4 Other responsibilities of the CEO are stated in the job description defined by the Board and updated according to an agreement between the Board and the CEO.Significant changes to the job description will be negotiated between the Board and the CEO.

2.5 The job description is enclosed as Annex 1, and is part of this Contract.

2.6 Participation by and remuneration of the CEO as a member of the Board and/or the CEO of current and future subsidiaries owned by the Company will be agreed separately.

**3.**  **DUTIES ETC. OF THE CEO**

3.1 The CEO is required to use all his/her working hours and apply all his/her knowledge in the Company's service and to safeguard the interests of the Company in the best possible way. The position is full-time, and the CEO has been made aware that the position sometimes may require considerable work efforts outside normal working hours, and that his/her work should otherwise be adjusted to the needs of the Company.

3.2 The CEO must not have paid work/duties outside the Company without written consent from the Board. A written consent from the Board must also be obtained for unpaid duties that may be incompatible with the CEO's position.

3.3 Notwithstanding the above, the Company has been informed of, and accepts, that the CEO holds the positions stated in Annex 2, and that these are part of this Contract.

**4. RELATIONSHIP TO THE BOARD**

4.1 Reporting to the Board, the CEO is responsible for ensuring that the activities of the Company are in accordance with the rules of the Company and in accordance with the articles of association of the Company and legislation.

4.2 All matters of an extraordinary nature or of great significance must be presented to the Board, possibly to the chairperson of the Board.

4.3 Moreover, the CEO must inform the Board of the Company of all matters relating to the Company which are presumed to be of interest to the Board.

4.4 The CEO is entitled to attend and speak at meetings of the Board unless otherwise stipulated by the Board in the individual case.

4.5 The relationship between the Board and the CEO has been defined in the enclosed Executive Board instructions (mandate and communication between the Board and the Executive Board must be defined).

**5.**  **TRADE SECRETS, DUTY OF CONFIDENTIALITY, AND INVENTIONS**

5.1 The CEO has been made fully aware of section 4 of the Act on Trade Secrets.

5.2 The CEO has a duty of confidentiality with regard to everything the CEO learns in connection with his/her performance of work as a CEO, except for matters that clearly need to be brought to the attention of a third party. This duty of confidentiality will also apply after the CEO has resigned his/her position in the Company.

5.3 When the CEO resigns, irrespective of the reason for the resignation, all materials in the CEO's possession belonging to the Company or any subsidiary must be returned to the Company.

5.4 With regard to inventions by the CEO as part of his/her employment, it has been agreed that the Act on Employee Inventions is to apply.

**6. SALARY, BONUSES AND SALARY ADJUSTMENT**

6.1 Upon appointment, the CEO's annual salary will be DKK *insert amount*, and 1/12 (one-twelfth) will be paid monthly in arrears on the last business day of the month.

6.2 Furthermore, the Company will pay contributions to a pension scheme chosen by the CEO. The pension contribution, which is *insert percentage* % of the salary, will be paid monthly in arrears with the salary payment.

6.3 The CEO's remuneration will be negotiated every year in January, the first time in January *insert year*. The CEO will receive an annual bonus/share of profits of *insert percentage* % of the annual net profits before tax and allowances. The bonus/share of profits will be paid eight days after the annual financial statements have been approved at the Annual General Meeting. Upon termination of the Contract, the CEO will be entitled to a proportional share of the bonus/share of profits for the preceding part of the financial year, see the principles in section 17a of the Danish Salaried Employees Act.

**7. COMPANY CAR SCHEME**

7.1 During the employment, the Company will make a car with a value of DKK *insert amount* available to the CEO and will pay any costs associated with this.

7.2 Instead of a company car, the CEO may choose to receive a higher salary of an additional DKK [*insert amount*] annually, provided that the CEO himself/herself makes an appropriate car available. The CEO will receive reimbursement at the highest rate applicable at any time for private car use, see the government rules regarding this.

7.3 If the CEO is released from his/her duties, the CEO will be entitled to keep the car in the notice period. Alternatively, the CEO will be entitled to return the car at any time during the notice period, whereupon the CEO will receive an amount corresponding to the taxable value as compensation.

**8. OTHER BENEFITS**

8.1 The Company will make a laptop available to the CEO and will also pay for maintenance costs, as well as any installation costs for an internet connection at the CEO's home address.

8.2 The Company will make a mobile phone available to the CEO and will pay subscription fees, including reasonable expenses in connection with private use in countries outside Denmark.

8.3 Furthermore, the Company will pay for all membership fees, newspapers and journals to an extent agreed with the chairperson of the Board.

8.4 The tax consequences for the CEO of the benefits mentioned above are of no concern to the Company.

**9. SICKNESS**

9.1 Sickness will not be considered a breach of this Contract, and the CEO is entitled to full pay during sickness.

**10. TRAVEL AND ENTERTAINMENT EXPENSES**

10.1 Expenses incurred by the CEO in connection with travel and entertainment in the interests of the Company will be reimbursed by the Company with appropriate documentation or as agreed.

10.2 The CEO is entitled to receive payment on account to cover expenses for travel and entertainment.

**11. CONTINUING TRAINING**

11.1 The CEO is entitled to appropriate continuing training paid by the Company. The CEO must plan his/her own continuing training and notify the chairperson of the Board accordingly.

**12. HOLIDAY**

12.1 The CEO is entitled to six weeks paid holiday per calendar year. The Company will pay a holiday supplement of 3% of the salary (see clause 6) that the CEO has earned from the Company in the previous calendar year. The holiday supplement will be paid in [month].

12.2 Taking into account the interests of the Company, the CEO himself/herself decides when to take his/her holiday and must notify the chairperson of the Board in this regard.

12.3 Upon resignation, the CEO will be entitled to 12.5% holiday pay of the holiday not used at the date of resignation, calculated on the basis of the salary (see clause 6) that the CEO has earned from the Company in the previous calendar year. Holiday pay will be paid in cash upon resignation, together with the final salary payment.

**13. INSURANCE**

13.1 The Company will take out a standard Executive Board liability insurance to cover the CEO's professional activities in the Company and in any group companies.

13.2 The Company will pay an annual premium for full-time accident insurance for the CEO on standard insurance and premium terms. The insurance will cover DKK *insert amount* in the event of death and total permanent disability.

13.3 The sum will be paid to the CEO or his/her estate.

13.4 The Company will pay the annual premium for health insurance for the CEO on standard insurance and premium terms. The insurance will cover in full all expenses for prescribed treatment, irrespective of where in Denmark treatment is carried out. The insurance sum is DKK *insert amount* per period of illness or per year. The insurance sum and the premium will be adjusted every year in accordance with the relevant terms of the insurance company.

**14. TERMINATION**

14.1 The employment relationship may be terminated in writing by the Company with *insert number of months, e.g. nine* months' notice and, on the CEO's part, in writing with [*insert number of months, e.g. three*] months' notice from the end of a month.

14.2 If the Company terminates the employment relationship, the CEO will be entitled to be released from his/her duties by no later than 14 days after the notice has been given. The Company has no right to make set-offs in the release period, irrespective of whether the CEO has obtained other income from non-competing activities or pension in this period.

14.3 [If the Company dismisses the CEO on grounds that have nothing to do with any breach of this Contract by the CEO, or if the CEO terminates this Contract due to breach by the Company, the CEO will be entitled to severance pay corresponding to 12 months' salary, including pension and other salary elements. The severance pay will be paid as a lump sum with the final salary payment.]

14.4 [If the competences of the Executive Board change, resulting in the CEO ranking equally or below one or more other directors, the CEO will, after a written request to the Board by no later than one month after the entry into force of the change to the Executive Board, be entitled to consider the employment relationship as terminated with the Company's period of notice, and the CEO will be released from his/her duties without the possibility for the Company to offset. In this situation, the CEO will be entitled to severance pay of 18 months' salary including pension.]

14.5 [In the event that the Company merges with one or more other companies, or at least [x]% of the Company's assets [and]/[or] shares are transferred to a new owner, the CEO will be entitled to consider the employment relationship as terminated with the Company's period of notice, and the CEO will be released from his/her duties without the possibility for the Company offset. In this situation, the CEO will be entitled to severance pay of 18 months' salary including pension.]

14.6 [The deadline for the CEO to invoke clause 14.5 is one month after final approval by the General Meeting of the reorganisation. For changes to competences that do not require the approval of the General Meeting, the CEO must invoke clause 14.5 by no later than one month after the CEO has been notified of the change.]

14.7 [If the Company dismisses the CEO – and the notice of dismissal reaches the CEO after the changes to competences have been notified, or an agreement on merger etc. has been concluded by the other members of the Executive Board or Board of the Company, the notice will not affect the CEO's right to severance pay according to clauses 14.4 and 14.5.]

14.8 If the CEO's employment terminates as a result of termination by the Company without any breach on the part of the CEO, the Company will pay for an outplacement programme (Executive Coaching/Outplacement package or similar) with a consultancy firm chosen by the CEO to assist the CEO in finding new employment.

 **BREACH OF CONTRACT**

15.1 If one of the parties seriously fails to fulfil their duties according to this Contract, the other party may terminate the Contract without notice or at any agreed date.

15.2 If the termination is the result of serious breach by the CEO, the CEO will only be entitled to remuneration until the date of resignation.

**16. EARLY RETIREMENT**

16.1 If the CEO dies during employment, the CEO's widow/widower, cohabitee or children under the age of 24, or, if no such are left by the CEO, the CEO's estate, will be paid six months’ early retirement pension.

**17.**  **DISPUTES**

17.1 Any disputes or discrepancies that may arise in connection with this agreement must be sought resolved through mediation by the Mediation Institute (www.Mediationsinstituttet.dk) and must take place in accordance with the "Rules for processing cases at the Mediation Institute" applicable at any time.

When, according to one or more parties, a dispute has arisen between the parties, each party is entitled to submit a separate request to commence mediation to the Mediation Institute.

Mediation does not imply waiver of use of remedies such as arrest and injunction, and does not prevent a party from taking legal action in accordance with the sentence below, or from initiating other legal steps in connection with the dispute to avoid forfeiture due to passivity or limitation.

If the dispute cannot be resolved through mediation, each party is entitled to demand that the dispute be settled by the Danish courts.

**18. CONTRACT COPIES, JURISDICTION ETC.**

18.1 This Contract has been drawn up in two identical signed copies, one of which will remain with the Company, while the other will be given to the CEO.

\*\*\*\*\*

**SIGNATURES**

*insert city*, on *insert day, month, year* *insert city*, on *insert day, month, year*

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

On behalf of the Company On behalf of the CEO

NOTE:

The Contract should specify the extent to which the CEO will receive pay during maternity/paternity leave, parental leave etc. Below is a suggestion for the possibility of paid leave, and the clause should be inserted in the Contract text if this is agreed. CEOs are also covered by the Act on Entitlement to Leave and Benefits in the Event of Childbirth.

**[clause].**  **PREGNANCY, MATERNITY/PATERNITY LEAVE AND ADOPTION**

[clause].1 The CEO is entitled to leave in connection with pregnancy, childbirth and adoption in accordance with the Act on Entitlement to Leave and Benefits in the Event of Childbirth.

[clause].2 *[to be inserted for female director]*

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

• Eight weeks of pregnancy leave before the expected date of birth

• 14 weeks of maternity leave after childbirth

• 12 weeks of parental leave after expiry of maternity leave

*[to be inserted for male director]*

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

• Two weeks of paternity leave during the first 14 weeks after birth. The two weeks can be taken at any time within the first 14 weeks immediately after birth.

• 12 weeks of parental leave with full pay. The 12 weeks can be taken at any time within

the 46 weeks immediately after birth.

[clause].3 During any periods in which the CEO is not entitled to full pay, but only receives part of his/her salary and/or maternity/paternity benefits, the CEO will still be entitled to full pension.

[clause].4 The above also applies in full in cases of adoption.