

# RENUMERATION POLICY

Version 2.0

*31 januar 2025*

**RTX**

## 1 INTRODUCTION

- 1.1 This remuneration policy describes the principles and framework of the total remuneration paid to members of the Board of Directors and the Executive Board of RTX A/S ("RTX").
- 1.2 The Board of Directors and the Executive Board comprises the persons registered with the Danish Business Authority as members of the management and Board of Directors of RTX. However, the principles of the remuneration policy regarding the allocation of short-term incentive cash bonuses and long-term incentive share-based bonuses are applicable in general for key employees in RTX, with certain modifications for employees employed abroad unless otherwise stated in the remuneration policy.
- 1.3 It is RTX' policy to offer a competitive remuneration to the Executive Board and other key employees in order to attract, motivate and retain qualified individuals in the market in which RTX competes. The remuneration is designed to create shared interests between the Executive Board of RTX and the shareholders, as well as to promote and support RTX' short-term and long-term goals and strategies.
- 1.4 The remuneration principles and framework described in this remuneration policy incorporate the rules set out in section 139 of the Danish Companies Act (selskabsloven) and the Recommendations for Corporate Governance of 2 December 2020 by the Danish Committee on Corporate Governance.

## 2 OBJECTIVE

- 2.1 The overall objectives of the remuneration policy are:
  - I. To attract, motivate and retain qualified members of the Executive Board and Board of Directors,
  - II. To ensure alignment between the interests of the management, the company and the shareholders; and
  - III. To help promote long-term value creation in RTX and thus support RTX' business strategy.
- 2.2 In several ways, the remuneration policy, especially with regard to the remuneration of the Executive Board, contributes to RTX' business strategy as well as long-term interests. The performance criteria (KPIs) for the bonus schemes are closely aligned with RTX' goals and strategies. The Board of Directors will adjust such KPIs in accordance with changes in the strategy and the company's situation.
- 2.3 The purpose of the long-term bonuses is to secure the Executive Board's incentive to safeguard RTX' long-term interests. The purpose of the distribution used between the short-term bonuses and the long-term bonuses also includes striking a balance between short-term and long-term results, with particular emphasis on the long-term results.
- 2.4 The remuneration policy also contributes to the company's sustainability, as the business strategy, among other things, aims to consolidating the stable core business and developing new product solutions that ensure the continued growth of RTX. Several of the performance criteria applied (KPIs) directly relate to the company's business development and innovation. Similarly, the company's sustainability will also be a significant underlying factor in the evolution of the share price, and therefore the share-based remuneration used will also provide the Executive Board with incentives to focus on the company's sustainability.

- 2.5 Whether or not a member of the Executive Board is comprised by an incentive-based remuneration program - and which agreements are made - depends on whether or not it is considered advisable to meet the considerations for creating shared interests between RTX' directors and the shareholders and securing the short-term and long-term goals. In addition to this, the previous and expected performance, motivation and loyalty of the members of the Executive Board as well as the Company's situation and development in general is considered in this regard.

### 3 REVISION OF THE REMUNERATION POLICY AND CONFLICT OF INTERESTS

- 3.1 The remuneration policy is under continuous revision in order to ensure consistency between the remuneration for the management, RTX' short and long-term goals and the shareholders' interests.
- 3.2 If the Board of Directors deems it necessary to revise the remuneration policy, the Board of Directors prepares such revised remuneration policy, which is then submitted to the shareholders for consideration and approval at the General Meeting.
- 3.3 Any material change to the remuneration policy shall be adopted by the shareholders at the General Meeting in order to take effect. In any case, as a minimum, the remuneration policy shall be adopted by the shareholders at the General Meeting every four years, cf. section 139, subsection 2 of the Danish Companies Act.
- 3.4 Under special circumstances, the Board of Directors may deviate temporarily from the remuneration policy, if deemed necessary hereunder for instance in connection with employment of new members of the Executive Board.
- 3.5 The remuneration for the Executive Board is the key element of the remuneration policy, and thus the Executive Board has no decision-making power in relation to the remuneration policy. As the members of the Board of Directors receive a fixed remuneration, cf. section 4 below, and since the remuneration for the Board of Directors is approved at RTX's Annual General Meeting, it is RTX assessment that there is a low risk of conflicts of interest.

### 4 REMUNERATION OF THE BOARD OF DIRECTORS

- 4.1 The members of the Board of Directors are elected for one year at a time and are remunerated by way of a fixed base fee.

The chairman of the board receives three times the base fee, and the deputy chairman receives two times the base fee. Also, members of board committees receive an additional annual fee for each committee membership.

The board members do not participate in incentive schemes.

The level of the remuneration of the Board of Directors is market consistent and match the level in comparable, listed companies, taking into account the responsibility and scope of the board work as well as the required competencies by the board members.

The total remuneration of the Board of Directors is submitted for adoption by the annual general meeting.

In special circumstances individual board members may receive further remuneration in line with market practice for extraordinary ad hoc tasks outside their normal duties assigned by the board.

Travel and accommodation costs as well as other relevant expenses in connection with board meetings will be covered

## 5 REMUNERATION OF THE EXECUTIVE BOARD

5.1 The remuneration for the Executive Board can be composed of the following remuneration components:

- I. Fixed base salary
- II. Pension contributions (not applicable for all members of the Executive Board)
- III. Usual employee benefits, including company car and associated costs
- IV. Cash bonuses (short-term and long-term incentive-based remuneration)
- V. Share-based payments (long-term incentive-based remuneration)
- VI. Matching Shares program

### *Fixed base salary, pension and employee benefits*

5.2 The purpose of the fixed base salary, pension contributions and other benefits is primarily to provide the individual Executive Board member with a predictable minimum remuneration so as to be able to attract and retain Executive Board members with the desired competencies. In determining the levels, the remuneration levels in comparable companies are taken into account.

5.3 The base salary for each executive member is determined either each year or every third year based on a negotiation. The ratio between the fixed base salary and the total remuneration depends on the achievement of the performance criteria (KPIs), which determine the size of the variable salary. At expected achievement levels for the performance criteria (KPIs), the fixed base salary is expected to amount to between 50% and 80% of the total remuneration.

5.4 An employer-paid pension contribution is provided to some but not all members of the Executive Board. Such pension may amount to up to 10% of the total remuneration.

5.5 Members of the Executive Board have the option of a company car and other benefits by agreement. Other benefits may amount to up to 6% of the total remuneration. The Executive Board is also offered usual benefits such as health insurance, free telephone and Internet subscription.

5.6 The Board of Directors can decide that members of the Executive Board shall return the company car, laptop and mobile phone etc. if the member of the Executive Board is released from the work obligation during a notice period.

### *Short-term cash-based bonus*

5.7 The purpose of the cash-based bonus is to ensure the Executive Management's focus on the core – primarily short-term – performance criteria (KPIs) in the company's strategy and similarly reward satisfactory results in relation to these performance criteria (KPIs).

5.8 Short-term cash-based bonus schemes typically have a term of one year or depend on an event occurring, including, for example, the divestment or acquisition of significant business areas or the like. There may also be a retention bonus, loyalty bonus or similar schemes.

5.9 Whether a bonus payment is made shall depend on whether the terms and objectives defined in the agreement have been achieved in whole or in part. This may include personal goals related to the own performance of the members of the Executive Board, RTX' results, results in one or more of RTX' business units, the continued employment for a specified period

or the occurrence of a relevant event for members of the Executive Board, including any change of control in RTX or any sale of one of RTX' business units.

- 5.10 The determination of whether the performance criteria (KPIs) have been met shall generally be based on the audited reports in relation to the financial performance criteria (KPIs). For the nonfinancial performance criteria (KPIs), the fulfilment of the performance criteria (KPIs) will be based on the assessment of the Board of Directors.
- 5.11 Ongoing performance bonus schemes for the Executive Board will allow the members of the Executive Board to receive a bonus per calendar year of up to 50% of the Executive Board members' gross annual salary calculated before any bonus payments ("Base Salary").
- 5.12 Event-based bonus schemes, retention bonuses or loyalty bonuses, shall - for each bonus triggering factor - allow the members of the Executive Board to receive a bonus per calendar year of up to 50% of the Executive Board members' Base Salary.
- 5.13 However, the total value of cash- and share-based bonuses cannot exceed 110 % of the Executive Board Member's Base Salary, cf. section 5.18 and 5.26.

#### *Long-term cash-based bonus*

- 5.14 As a part of the Company's long-term incentive program, members of the Executive Board can participate in long-term cash-based bonus schemes.
- 5.15 Long-term cash-based bonus schemes have a term of three years.
- 5.16 Whether a bonus payment is made shall depend on whether the terms and objectives defined in the long-term cash-based bonus agreement have been achieved in whole or in part. This shall include ambitious targets for revenue and EBITDA and is further based on the Board of Directors' assessment of, whether the Executive Board is conducting the business to the extent relevant in compliance with the principles of social responsibility in the UN Global Compact which has been adopted by RTX.
- 5.17 The members of the Executive Board can receive a long-term cash based bonus per calendar year of up to 50% of the Executive Board members' Base Salary.
- 5.18 However, the total value of cash- and share-based bonuses cannot exceed 110 % of the Executive Board Member's Base Salary, cf. section 5.13 and 5.26.
- 5.19 In case of termination, the right to long-term cash-based bonus is conditioned upon the Executive Board Member being a good leaver. Thus, the right to long-term cash-based bonus shall lapse, if the Executive Board member leaves his or her position as a bad leaver, and the right to long-term cash-based bonus shall be prorated as per the length of service if the Executive Board member leaves his or her position as a good leaver. The long-term cash-based bonus scheme contains a definition of good leaver and bad leaver.

#### *Long-term share-based bonus*

- 5.20 As a part of the Company's long-term incentive program, the Board of Directors at RTX may award restricted share units (RSU) to the Executive Board as well as to key employees.
- 5.21 RSUs is a type of compensation issued by an employer to an employee. RSUs are issued to an employee through a vesting plan and will vest after achieving the required performance criteria. RSUs have no tangible value until they have vested. The RSUs are assigned at fair market value when they vest.

- 5.22 The RSUs cannot vest before the Annual General Meeting three years after the award. This is in order to create shared long-term interests between RTX and the Executive Board. Once the RSU's are vested and shares are allotted, the employee may freely dispose of the shares.
- 5.23 The RSUs will vest provided that (i) the employee is still employed during the vesting period as further defined in 5.27 and that (ii) a minimum floor level of earnings (e.g. EBITDA or similar) is achieved in the three-year period from the award. The determination of whether the minimum floor level of earnings has been achieved shall be based on the audited financial reports of the RTX Group.
- 5.24 The vesting of RSU's is further based on the Board of Directors' assessment of, whether the Executive Board is conducting the business to the extent relevant in compliance with the principles of social responsibility in the UN Global Compact which has been adopted by RTX.
- 5.25 The restricted share unit scheme (RSU) is measured at fair value of the rights at the time of issue and are recognized in the income statement under staff costs for the period during which the member of the Executive Board achieves the final right to the shares. Upon initial recognition of the restricted share rights, an estimate is made regarding the number of rights for which the member of the Executive Board is expected to acquire final right. Subsequently, adjustments are made for changes to this estimate whereby final recognition of the cost corresponds to the actual number of acquired rights to shares. Upon vesting and award of shares, the setoff entry is recognized directly in equity.
- 5.26 The total value of the long-term share-based bonus shall allow the members of the Executive Board to receive a bonus per calendar year of up to 50% of the Executive Board members' Base Salary. However, the total value of cash- and share-based bonuses cannot exceed 110 % of the Executive Board Member's Base Salary, cf. section 5.13 and 5.18.
- 5.27 In case of termination, the right to exercise the RSUs is conditioned upon the Executive Board Member being a good leaver, and thus the right to exercise RSUs shall lapse, if the Executive Board member is leaving his or her position as a bad leaver. The Long-term share-based bonus scheme contains a definition of good leaver and bad leaver.
- 5.28 Further, the scheme is subject to a usual clawback provision, whereby the Board of Directors may demand that any RSUs awarded to the members of the Executive Board, shall be repaid in part or full if they have been awarded based on information which RTX is subsequently able to document as materially incorrect, or if they were awarded as a result of fraud, manipulation of underlying data or material non-compliance with the accounting principles to which RTX is subject.

#### *Matching Shares*

- 5.29 Before commencement of service, the members of the Executive Board may be invited to make an investment of a number of shares in the Company. If such investment is made, the Company shall grant the member of the Executive Board matching shares worth 1.5 times the investment by the end of a 3-year vesting period. The grant of matching shares shall be subject to the member of the Executive Board's continued employment with the Company 36 months after the Commencement Date.
- 5.30 If the offer is not accepted before commencement of service, it will lapse in its entirety.

#### *Termination*

- 5.31 Members of the Executive Board are entitled to salary in the notice period. The notice period for members of the Executive Board is 6 to 12 months on the part of the Company and 3- 6 months on the part of the member of the Executive Board.

5.32 Further, reference is made to section 5.19 and 5.27 above.

## 6 REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD RELATIVELY TO THE EMPLOYEE'S SALARY

6.1 RTX mainly employs highly skilled employees and the average employee's salary reflects this. When establishing the framework of the remuneration of the Executive Board, it has been taken into consideration that the salary for the Executive Board, including the value of the variable compensation at the time of the award, cannot exceed 15 times the average salary for employee's in RTX.

## 7 APPROVAL

7.1 The remuneration policy has been prepared in accordance with section 139 of the Danish Companies Act and the provisions of the Shareholders' Rights Directive 2017/828 of the European Parliament and of the Council of 17 May 2017.

7.2 This remuneration policy shall have effect for agreements on remuneration with the Board of Directors and members of the Executive Board which are entered into on or after the date on which the remuneration policy is approved at RTX A/S' Annual General Meeting. All agreements on remuneration entered into before this date shall be governed by the remuneration policy which was approved at RTX A/S' Annual General Meeting on 23 January 2020.

7.3 The above remuneration policy was approved at RTX A/S' Annual General Meeting on 31 January 2025.

### Version history

Version	Date	Description
2.0	31 jan 2025	Update on # Section 4.1 to clarify remuneration framework for the Board of Directors # Section 5.14 as the company no longer has Accelerated share based bonus

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