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| May 2022 | |
| CONTRACT  FUNCTIONAL DIRECTOR CONTRACT  This model contract can be used by directors other than the CEO and managing director, including functional directors, deputy directors, heads of department/department managers, functional managers, project managers or similar who, irrespective of title, are covered by the Danish Salaried Employees Act and the Holiday Act, and who are employed in the private sector. For state/public sector managers, see the following links:    [Municipal manager (Danish)](https://ida.dk/raad-og-karriere/ansaettelsesvilkaar-og-kontrakter/ansaetttelsesvilkaar-chef-i-en-kommune)  [State manager](https://ida.dk/raad-og-karriere/ansaettelsesvilkaar-og-kontrakter/chef-i-staten) (Danish) | |
| [This functional director 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 31-33  1560 Copenhagen  ida.dk |

**FUNCTIONAL DIRECTOR CONTRACT**

Between the undersigned parties

*insert name*

*insert address*

*insert postal code and city*

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

(hereinafter 'the Director')

and

*insert name*

*insert address*

*insert postal code and city*

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

(hereinafter 'the Company')

have today entered the following Functional Director Contract:

**1.**  **APPOINTMENT, PLACE OF WORK AND RESPONSIBILITIES**

* 1. The Director is appointed with the title [*insert job title, e.g. Director, Deputy Director, Assistant Director, Chief Financial Officer, Sales Director, Vice President*] and will take up the position with effect from [*insert date and year*]. [Seniority will be calculated from [*date and year*].
  2. The place of work is [*insert address*]. Insofar as it is consistent with the Company's operations as well as the Director's wishes, the Director is entitled to work from a workspace at his/her home set up for the purpose.
  3. The Director's responsibilities are stated in a job description defined in collaboration with the CEO.
  4. A job description is enclosed as Annex 1 to this Contract, and should be considered as an integral part of this Contract.

**2.**  **RELATIONSHIP TO THE BOARD AND THE CEO**

* 1. The Director refers directly to the CEO.
  2. The Director is in charge of day-to-day management of the [*insert area, department(s) or similar*], see the job description.

2.3 Within his/her area of function, and reporting to the CEO, the Director is responsible for ensuring that the activities of the Company are in accordance with the articles of association of the Company and legislation.

2.4 All matters of an extraordinary nature or of great significance must be presented to the CEO, who will decide whether the matters should be presented to the Board.

2.5 Matters of an extraordinary nature or of great significance means [*insert for example: purchase, sale or mortgage of real property, appointment or dismissal of senior staff, significant expansions or restrictions in business areas, as well as other decisions that impose liabilities on the Company of more than DKK [insert amount*].

2.6 The Director is obligated to follow loyally instructions and guidelines from the CEO and the Board.

2.7 The Director must inform the CEO of all matters relating to the Company which are presumed to be of interest to the CEO and/or the Company.

**3.**  **SCOPE OF WORK AND OTHER EMPLOYMENT**

3.1 The Director is required to use all his/her working hours and apply all his/her knowledge in the Company's service and safeguard the interests of the Company in the best possible way.

3.2 The normal working week is 37 hours. Overtime must be expected and will not be paid separately.

3.3 The Director is entitled to continue in current board positions and positions of trust, and the Director is entitled to take on additional directorships and positions of trust, both paid and unpaid, as long as such directorships and positions are not in companies in direct competition with the activities of the Company. The same applies for teaching and lecturing activities etc. Any fees will be paid to the Director.

3.4 The Director must notify the CEO of new board positions and positions of trust, as well as of teaching and lecturing activities.

3.5 A list of the board positions and positions of trust held by the Director at the time of conclusion of this Contract is enclosed as Annex 2 to this Contract.

**4.**  **SALARY, SALARY NEGOTIATION, SALARY ADJUSTMENT AND PENSION**

4.1 The annual salary is DKK [*insert amount*] excluding pension. One twelfth (1/12) of the salary will be paid monthly in arrears on the last weekday of the month.

* 1. The salary will be negotiated with the CEO once a year in [*insert month*] with effect from [*insert month*], the first time in [*insert month*] [*insert year*]. However, as a minimum, the salary will be adjusted upwards annually by a percentage corresponding to the annual percentage increase in the 50% fractile in the salary statistics for all privately employed [*insert one of the following: functional directors, heads of department/department managers, functional managers, project managers*], see IDA salary statistics.
  2. A pension scheme will be set up with [*insert Pensionskassen for teknikum- og diplomingeniører/Danske civil- og akademiingeniørers pensionskasse or another pension company*] to which the Company will pay [*insert percentage*] % and the Director will pay [*insert percentage*] % of all salary elements, unless the Director is part of, or is required to be part of a pension scheme set up by the Company.

**5.**  **BONUSES**

5.1 The Director will be paid a bonus on the terms stated in the *attached* agreement.

5.2 If the Director resigns within the financial year for which the bonus concerns, the Director will be entitled to a proportional share of the bonus he/she would have received if the Director had been employed with the Company at the end of the financial year or at the time the bonus would otherwise have been disbursed, see section 17a of the Danish Salaried Employees Act.

**6.**  **TRADE SECRETS, DUTY OF CONFIDENTIALITY ETC.**

6.1 The Director has been made fully aware of section 4 of the Act on Trade Secrets.

* 1. When the Director resigns, irrespective of the reason for the resignation, all materials in the Director's possession belonging to the Company must be returned to the Company.
  2. The Act on Employee Inventions is to apply for inventions by the Director as part of his/her employment.

**7.**  **HOLIDAY**

7.1 Holiday is earned and held in accordance with the rules set out in the Danish Holiday Act. From the date of appointment, the Director will have five additional special holidays per holiday year. The Director may decide to have special holidays not taken transferred to the next holiday year or paid as salary.

Special holidays are to be held according to the rules on other holiday set out in the Danish Holiday Act.

7.2 The special holiday supplement in accordance with the Danish Holiday Act will be paid at [*1.0% or higher*] %. Upon resignation, the holiday supplement of [*insert %*] will be added to the 12.5% holiday pay.

7.3 The Director is entitled to full pay during holiday from the date of appointment. The Director is entitled to replacement holiday for sickness during holiday.

7.4 The Director may not be required to take holiday or extra holidays in the notice period. This is irrespective of whether or not the Director has been released from his/her duties.

7.5 Christmas Eve, New Year's Eve, the Friday after Ascension Day and Constitution Day (5 June) are days off with full pay.

**8.**  **COMPANY CAR SCHEME**

8.1 If so agreed, the Company will make a company car available to the Director with a maximum purchase price of DKK [*insert amount*]. The Company will pay all expenses related to the purchase and use of the car.

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

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

**9.**  **OTHER BENEFITS**

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

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

9.3 Furthermore, the Company will pay for all membership fees, newspapers and journals to an extent agreed with the CEO.

9.4 The tax consequences for the Director of the benefits mentioned above are of no concern to the Company.

9.5 The Director will be entitled to keep the benefits mentioned in clause 9 in the notice period, irrespective of whether or not the Director has been released from his/her duties.

**10.**  **PREGNANCY, MATERNITY/PATERNITY LEAVE AND ADOPTION**

10.1 The Director 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.

10.2 *[to be inserted for female director]*

## The Director 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 Director 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 first 46 weeks immediately after birth.

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

10.4 The above also applies in full in cases of adoption.

**11.**  **SICK CHILDREN**

* 1. The Director is entitled to days off with pay to care for a sick dependent child. The Director may take the child to doctor's appointments and dentist appointments during working hours without deduction in pay.

**12.**  **TRAVEL AND ENTERTAINMENT EXPENSES**

12.1 Expenses incurred by the Director in connection with travel and entertainment in the interests of the Company will be reimbursed by the Company with appropriate documentation or as agreed. The Director is entitled to receive payment on account to cover expenses for travel and entertainment.

12.3 If the Director's spouse accompanies the Director on a trip at the request of the Board or the CEO, expenses for such trip will also be reimbursed.

**13.**  **CONTINUING TRAINING**

13.1 The Director is entitled to participate in continuing training in Denmark or abroad to update and further develop the Director's professional and personal competences.

13.2 Once a year, a management development interview will be held between the Director and the CEO. The management development interview is to ensure targeted and systematic development of the Director's professional and personal competences.

* 1. At the management development interview, the Director and the CEO are to prepare and follow up on a written individual development plan with development goals and development activities for the Director. Both parties are obligated to follow up on the development goals and development activities agreed in the plan.
  2. Competence development and continuing training must as far as possible cater for the Company's competence needs and the Director's own development requests. Both parties are obligated to ensure that development plans are implemented so as to secure the framework and conditions for competence development.

**14.**  **INSURANCE**

14.1 The Company will take out Executive Board liability insurance to cover the Director's professional activities in the Company.

14.2 The Company will pay the annual premium for full-time accident insurance for the Director on standard insurance and premium terms. In the event of death, the insurance sum will be paid to the Director's widow/widower, cohabitee or children under the age of 24, or, if no such are left by the Director, to the Director's estate.

14.3 The Company will pay the annual premium for health insurance for the Director on standard insurance and premium terms. The insurance sum is DKK [*insert amount*] per period of illness or per year.

14.4 The Company will pay the annual premium for critical illness insurance for the Director on standard insurance and premium terms. The insurance sum is DKK [*insert amount*].

**15.**  **TERMINATION**

15.1 The employment relationship may be terminated by both parties with the notices laid down in the Danish Salaried Employees Act. However, the Company's notice period will be extended by three months.

The notice period from the Company will then be:

* four months for up to five months of employment
* six months for up to two years and nine months of employment
* seven months for up to five years and eight months of employment
* eight months for up to eight years and seven months of employment
* and thereafter nine months

Termination is to be at the end of a calendar month, in writing and received by the recipient on the last day of the month at the latest.

No trial period has been agreed for the employment relationship.

* 1. If the Company terminates the employment relationship, the Director will be entitled to be released from his/her duties with immediate effect and receive his/her salary throughout the notice period, irrespective of whether or not the Director has obtained other employment, other earned income or pension.

15.2.1 If the Director himself/herself terminates his/her position, the parties must discuss, as quickly as possible and by no later than 14 days after the termination, the possibility and date for the release of the Director from his/her duties. If release from duties is agreed, the Director will generally be entitled to receive his/her salary throughout the notice period, irrespective of whether or not the Director has obtained other employment, other earned income or pension.

* 1. [If the employment relationship is terminated by the Company, or the Director himself/herself terminates his/her position as a consequence of breach by the Company, in addition to the salary in the notice period, severance pay will be paid to the Director. The severance pay will constitute one month's salary for every four months of employment, however, at least three months’ salary and no more than 12 months' salary. The severance pay will be paid to the Director, or to the persons mentioned in clause 17, upon termination of the employment relationship.]

15.5 [If the competences of the Executive Board change, resulting in the Director ranking equally or below one or more other directors, the Director 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 Director will be released from his/her duties without the possibility for the Company to offset. In this situation, the Director will be entitled to severance pay of 18 months' salary.]

15.6 [In the event that the Company is merged 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 Director will be entitled to consider the employment relationship as terminated with the Company's period of notice, and the Director will be released from his/her duties without the possibility to offset. In this situation, the Director will be entitled to severance pay of 18 months' salary.]

15.7 [The deadline for the Director to invoke clause 15.6 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 Director must invoke clause 15.5 and/or clause 15.6 by no later than one month after the Director has been notified of the change.]

* 1. [If the Company dismisses the Director – and the notice of dismissal reaches the Director 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 Director's right to severance pay according to clauses 15.5 and 15.6.]

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

**16.**  **BREACH OF CONTRACT**

16.1 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.

**17.**  **EARLY RETIREMENT**

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

**18.**  **CONTRACT COPIES, JURIDICTION ETC.**

18.1 Any dispute between the Company and the Director on account of the employment relationship established by this Contract must be settled by the ordinary courts if the parties are unable to come to an agreement through negotiation/mediation.

18.2 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 Director.

18.3 Insofar as the above provisions do not place the Director in a better position, the provisions of the Danish Salaried Employees Act and the Danish Holiday Act are to apply for the employment relationship.

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**SIGNATURES**

[*insert city*], on [*insert day, month, year*] [*insert city*], on [*insert day, month, year*]

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On behalf of the Company On behalf of the Director