

Remuneration Report for Copenhagen Airports A/S 2021

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Introduction and Remuneration Governance

This remuneration report provides an overview of the total remuneration received by each member of the Board of Directors and of the Executive Management of Copenhagen Airports A/S, CVR no. 14 70 72 04 for the 2021 financial year with comparative figures for past financial years where relevant. The Remuneration Report is published on the CPH website.

The Executive Management consists of all executives registered as executives with the Danish Business Authority, currently the CEO, Thomas Woldbye. The Report has been prepared in accordance with section 139b of the Danish Companies Act.

Company performance 2021 and the remuneration of Executive Management

The company financial performance 2021 is to a very large extent affected by the continued implications of the Covid-19 pandemic. The number of passenger ended 70 % below the last “normal” year (2019) but at the same time 21 % above 2020. Throughout 2021 a material performance focus has been on financial prudence as well as a robust and safe return of activities in light of the continued implications of the Covid-19 pandemic.

The remuneration of the Board of Directors is fixed and is therefore not influenced by the company financial performance. Executive Management have a direct linkage between company results and remuneration through the short- and long term incentives schemes. Both actual short term and long term variable remuneration reflects the performance of the company in the short and longer term.

Remuneration Governance

The remuneration of the Board of Directors and members of the Executive Management should contribute towards ensuring that CPH is able to attract and retain key skills to the Board of Directors and the Executive Management.

The principles for the remuneration of the Executive Management is documented in the Remuneration Policy which is prepared by the Remuneration Committee and the Board of Directors. The remuneration policy is approved by the Annual General Meeting.

At the Annual General Meeting in 2020 a revised remuneration policy was approved. The revision was focused on ensuring compliance to the new requirements in the Danish Companies Act section 139a. The proposed amendments were:

- Addition of a "buy-out" possibility with respect to variable remuneration arrangements
- New terms with respect to possibility for granting "stay on" bonus
- New terms with respect to remuneration related to recruitment including "sign on" / "buy out" arrangements
- Addition of the possibility for the Board of Directors for discretionary granting of variable remuneration subject to a cap equivalent to 12 months' base salary in extraordinary circumstances.

It is concluded that the 2021 remuneration is fully in compliance with the remuneration policy.

Indicative vote on the Remuneration Report at the Annual General Meeting 2021

A non-binding advisory vote on the Remuneration Report 2020 was conducted at the Annual General Meeting 2021 and the General Meeting adopted the report. The Danish Ministry of Finance, exercising the Danish State's ownership in CPH, stated that the variable remuneration to members of the Executive Board exceeded guidelines stipulated in the Danish State's ownership policy and hence could not vote in favor of the Remuneration Report. The Board of Directors welcomes any feedback on the remuneration structure. CPH has chosen a model where the total remuneration package to a great extent depends on the performance of the members of the Management and considers this an appropriate and reasonable remuneration method. The substantial decrease in total remuneration for the CEO in 2020 reflects that the remuneration model is working as desired. The Remuneration structure in CPH is well aligned with the market practice in Denmark and the European aviation industry. The Long Term Incentive Plan for the CEO is settled in cash which is not typical for listed companies in the Danish market.

Remuneration of Board of Directors

The Board of Directors are remunerated with fixed fees. The fee structure reflects differences in roles and responsibilities such that the remuneration of the Chairman is three times the base fee. Membership of the Audit and Risk Management committee has a separate fee. The deputy chairmen and the ordinary non independent directors elected by the general meeting have decided to waive remuneration in 2021 for their work related to their position as members of the board of directors and Audit and Risk Management Committee.

The remuneration of the Board of Directors is approved annually by the Annual General Meeting based on a proposal from the Board of Directors. The recommendation by the Board of Directors is based on market practice for other Large Cap companies. The fees in 2021 are unchanged compared to 2020. In the table below the actual fee are showed. On page 8 the annualized fees assuming the Board member held the position for the full year is showed to enable a more direct foundation for comparison.

Remuneration structure for the Board of Directors and the Audit and Risk Management Committee 2021 in DKK:

Chairman of the Board of Directors	990,000
Ordinary Directors	330,000
Staff-elected Directors	330,000
Members of the Audit and Risk Management Committee	165,000

Emoluments to the Board of Directors DKK mill.	2021			2020		
	Base Fee	Audit and Risk Management Committee	Total Fee	Base Fee	Audit and Risk Management Committee	Total Fee
Lars Nørby Johansen (Chairman of the Board since 2014)	1.0		1.0	1.0		1.0
David Stanton* (Member of the Board and Vice Chairman since 2011)	0.0		0.0	0.0		0.0
Martin Præstegaard* (Member of the Board since 2020)	0.0		0.0	0.0		0.0
Ulrik Dan Weuder* (Member of the Board between 2017 and 2021)	0.0		0.0	0.0		0.0
Lars Sandahl Sørensen (Member of the Board since 2021)	0.2		0.2			
Janis Kong (Member of the Board since 2012)	0.3	0.2	0.5	0.3	0.2	0.5
Charles Thomazi* (Member of the Board since 2015)	0.0		0.0	0.0		0.0
Betina Hvolbøl Thomsen (Empl. Rep. - Member of the Board since 2019)	0.3		0.3	0.3		0.3
John Flyttov (Empl. Rep. - Member of the Board since 2015)	0.3		0.3	0.3		0.3
Dan Hansen (Empl. Rep. - Member of the Board since 2015)	0.3		0.3	0.3		0.3
Marlene Haugaard (Member of the Board until 2020)				0.1		0.1
Total emoluments to the Board of Directors	2.5	0.2	2.7	2.3	0.2	2.5

* The member of the Board of Directors has decided to waive emoluments

Remuneration of the Executive Management

Remuneration governance

The Executive Management consist of the CEO, Thomas Woldbye. The remuneration of the Executive Management is reviewed and decided annually by the Board of Directors based on a proposal from the Remuneration Committee.

Composition of Remuneration structure

The remuneration structure for members of the Executive Management consist of the following components (see more detailed descriptions on the page 8):

- Annual base salary
- Short- and long term incentives
- Market typical benefits including company car, defined contribution pension scheme etc.
- Possibility for “stay on”-arrangements (not used in 2021)

The composition and levels of the remuneration package is designed to ensure that:

- A competitive remuneration package is offered to attract, retain and reward key skills to achieve CPH's strategic ambitions aligned with the sustainability and long-term interest of the company.
- Pay is linked to performance as a high proportion of total remuneration is contingent on achievement of stretched short- and long-term objectives which supports the achievement of the strategic priorities and the long term sustainability of the company.
- It promotes the long-term sustainability of the company by not promoting to excessive risk taking. This is achieved through a balanced mix of fixed and variable remuneration, and a balanced approach to performance objectives, both short term and long term.
- The remuneration framework is reviewed regularly to ensure that it continues to align with shareholders' interest.

The 2021 remuneration is compliant with the remuneration policy and there has been no deviation from the policy. The remuneration is within the levels and thresholds defined by the remuneration policy and furthermore the basis for the remuneration is deemed in line with the remuneration policy as:

- short term performance objectives are balanced and reflect a triple bottom-line approach with focus on delivering on the strategic ambitions
- long term performance objectives are mainly financial with a direct linkage to shareholder value creation. In addition, the objectives focus on long term value creation and thereby the long term sustainability of the company.

Performance assessment

The evaluation of variable remuneration reflects performance during a challenging year where the aviation industry continues to deal with the impact from the Covid-19 pandemic. The variable remuneration of the CEO which consist of a mix of short term and long term objectives is impacted by short term better than expected performance on both financials and non-financials whereas long term financial performance objectives have not been achieved due to the impact from the pandemic.

The long term performance objectives which span over a three year period from 2019 to 2021 have remained unchanged throughout the performance period. The long term incentive plan which is a performance cash plan is to a large extent dependent on the long term financial performance of the company. The financial performance part is evaluated at 0 %. The long term incentive plan is overall evaluated at 31 % of the maximum pay out.

The short term incentives reflects a material focus in 2021 on financial prudence as well as a robust and safe return of activities in light of the continued implications of the development of the Covid-19 pandemic. The short term incentive plan was evaluated at 83 % of max.

The total realized remuneration will compared to 2019 decrease by 6 % but increase by 15 % compared to 2020.

Total Remuneration to the Executive Management – realized value

The table below shows remuneration to the CEO based on the realized value. The value of long term incentives is based on actual performance for the scheme ending in 2021 with a performance period between 2019 to 2021. Short term performance is valued as actual performance for 2021.

Remuneration to the Executive Management - Thomas Woldbye	2021		2020		Short Term Incentive Plan	Weight	Performance
	Share of Total Remuneration	DKK mill.	Share of Total Remuneration	DKK mill.			
Base salary	48%	5.5	54%	5.3	Financial performance	30%	Above Target
Short Term Incentives	30%	3.5	23%	2.3	Group Must Win Battles	30%	Above Target
Long Term Incentives	8%	0.9	7%	0.7	Aerodrome Safety	5%	Above Target
Benefits including pension contributions, company car etc.	14%	1.6	16%	1.6	Occupational Safety	5%	Target
Total	100%	11.4	100%	9.9	Leadership (individual)	10%	Above Target
Total fixed	62%	7.1	70%	6.9	Individual Performance	20%	Above Target
Total variable	38%	4.3	30%	3.0	Total	100%	83 % of max

Long term Incentive Plan	Weight	Performance
Accumulated NPAT	66.7%	Below Target
Strategic objectives	33.3%	Above Target
Total	100.0%	31 % of max

Total Remuneration to the Executive Management – granted value

The table below shows remuneration to the CEO based on the granted value. Long term incentives granted in 2021 with a performance period between 2021-2023 is valued at “on target” performance and short term performance is valued at actual performance for 2021.

Remuneration to the Executive Management - Thomas Woldbye	2021		2020	
	Share of Total Remuneration	DKK mill.	Share of Total Remuneration	DKK mill.
Base salary	44%	5.5	49%	5.3
Short Term Incentives	28%	3.5	21%	2.3
Long Term Incentives	15%	1.8	16%	1.8
Benefits including pension contributions, company car etc.	13%	1.6	14%	1.6
Total	100%	12.4	100%	11.0
Total fixed	57%	7.1	63%	6.9
Total variable	43%	5.3	37%	4.1

Remuneration component	Description	Details 2021	Compliance with the Remuneration Policy
Base Salary	Fixed cash salary with monthly payment. Annual pay review with effect from 1 May	Reflecting a market competitive level.	Compliant to the policy
Pension	Defined contribution scheme	20.0 % of the annual base salary	Compliant to the policy (Pension and other benefits 25-30 % of base salary)
Short Term Incentives	The annual variable remuneration is based on company and individual objectives. Company objectives includes both financial and non-financials objectives. Payouts are in cash typically in March. There are no mandatory deferrals.	On target performance: 6 months salary Max performance: 9 months salary Performance assessment see page 6 The company has not used the possibility to reclaim variable remuneration in 2021.	Compliant to the policy as the "on target" value must not exceed 6 months salary and maximum payout must not exceed 9 months base salary. Objectives are broad based and inspired by a triple bottom-line approach. Objectives includes financial performance, safety/compliance, climate etc.
Long Term Incentives	The long term incentives scheme is a yearly performance cash scheme with a three year performance periode. There are no mandatory deferrals .	On target performance: 4 months salary Max performance: 6 months salary Performance objectives includes profit after tax and the successful delivery of a number of key strategic priorities and projects. Performance assessment page 6 The company has not used the possibility to reclaim variable remuneration in 2021.	Compliant to the policy as the on target value must not exceed 4 months salary and maximum payout must not exceed 6 months base salary. Performance objectives are mainly financial and have a particular focus on long term value creation.
Benefits	Typical benefits like: Company car, medical insurance and examinations etc.	Market competitive	Compliant to the policy (Pension and other benefits 25-30 % of base salary)
Other elements	Stay on arrangements	Not used	Compliant

Annual changes in remuneration and key performance indicators

DKK mill.	2021/2020	2020/2019	2021	2020	2019
Annualised emoluments to the Board of Directors					
Lars Nørby Johansen	0.0%	0.0%	1.0	1.0	1.0
David Stanton*	0.0%	0.0%	0.0	0.0	0.0
Martin Præstegaard*	0.0%	0.0%	0.0	0.0	
Ulrik Dan Weuder*	0.0%	0.0%	0.0	0.0	0.0
Lars Sandahl Sørensen			0.3		
Charles Thomazi*	0.0%	0.0%	0.0	0.0	0.0
Janis Kong	0.0%	0.0%	0.5	0.5	0.5
Betina Hvolbøl Thomsen	0.0%	0.0%	0.3	0.3	0.3
John Flyttov	0.0%	0.0%	0.3	0.3	0.3
Dan Hansen	0.0%	0.0%	0.3	0.3	0.3
Marlene Haugaard		0.0%		0.1	0.3
Total emoluments to the Board of Directors	0.0%	0.0%	2.7	2.5	2.7
Remuneration to the Executive Management - Thomas Woldbye					
Realized value	15%	-17.9%	11.4	9.9	12.1
Granted value	13%	-5.5%	12.4	11.0	11.6
Performance Indicators					
Operational expenses	-12.2%	-12.4%	1520.6	1732.1	1977.4
EBITDA	151.5%	-85.9%	506.1	201.2	1432
Net profit after tax	-18.0%	-162.5%	-523.2	-638.1	1020.3
Total Remuneration for the average FTE***	9.9%	-1.1%	0.6	0.6	0.6

* The member of the Board of Directors has decided to waiver emoluments

** The increase from 2020 to 2021 incorporates a material change in the work force composition given organisation down sizing in 2. half of 2020 due to the implications of Covid-19 as well as extraordinary remuneration in 2021

Board of Directors' statement on the Remuneration Report

The Board of Directors has today considered and adopted the Remuneration Report of Copenhagen Airports A/S for the financial year 2021.

The report has been prepared in accordance with section 139b of the Danish Companies Act.

The Remuneration Report will be presented to the Annual General Meeting 2021 for an indicative vote.

Copenhagen, 7 March 2022

Board of Directors

Lars Nørby Johansen
Chairman

David Stanton
Vice Chairman

Martin Præstegaard
Vice Chairman

Charles Thomazi

Janis Kong

Lars Sandahl Sørensen

Betina Hvolbøl Thomsen
Employee representative

Dan Hansen
Employee representative

Michael Marott Bock
Employee representative

Independent auditor's statement on the Remuneration Report

To the Shareholders of Københavns Lufthavne A/S

According to section 139 b of the Danish Companies Act, Management is responsible for preparing a remuneration report in accordance with the remuneration policy adopted at the General Meeting.

Our opinion on the audit of the Consolidated Financial Statements and the Parent Company Financial Statements does not include the remuneration report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements for 2021, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139 b(3) of the Danish Companies Act are included in the Company's remuneration report for 2021.

We found no reason to point out any omissions with respect to the disclosures included in the remuneration report for 2021.

Hellerup, 7 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Christiansen

State Authorised Public Accountant

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Søren Ørjan Jensen

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