

Statutory report on Corporate Governance
According to section 107b of The Danish Financial Statements Act

Corporate Governance

Financial Year: 1 October 2020 - 30 September 2021

Contents

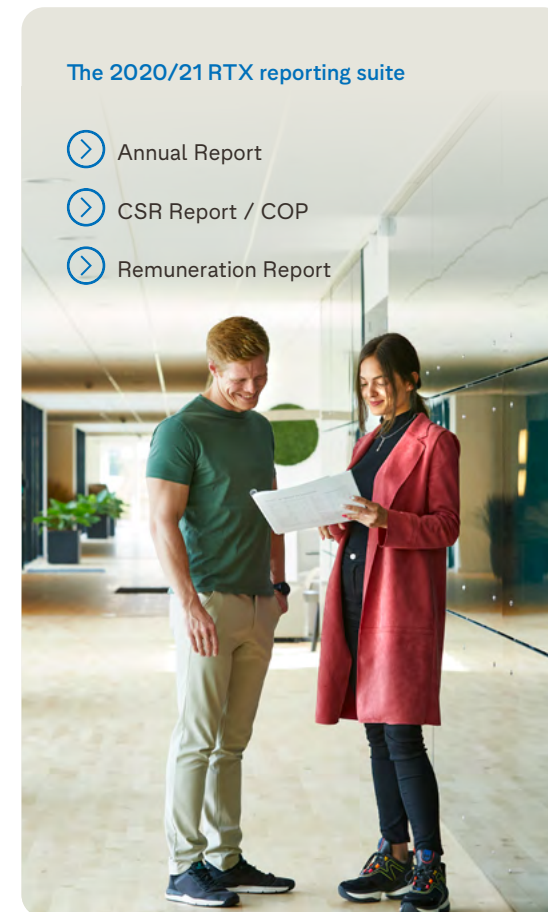
Introduction to Corporate Governance at RTX	3
Recommendations on Corporate Governance	6
1. Communication and Interaction by the Company with its Investors and Other Stakeholders	7
2. Tasks and Responsibilities of the Board of Directors	9
3. Composition and Organization of the Board of Directors	11
4. Remuneration of Management	19
5. Financial Reporting, Risk Management and Audits	21

This annual corporate governance report for RTX A/S forms part of the Management Review set out in the Annual Report for 2020/21 and covers the financial period 1 October 2020 to 30 September 2021. The report includes:

- A description of the company's governance structure;
- An introduction to the main elements of the internal control and risk management systems of RTX relating to financial reporting; and
- The statutory review, cf. section 107b of the Danish Financial Statements Act, of the company's approach to the 'Recommendations on corporate governance from the Committee on Corporate Governance in Denmark' from November 2017, implemented by Nasdaq Copenhagen A/S in its "Nordic Main Market Rulebook for Issuers of Shares".

The 2020/21 RTX reporting suite

- > Annual Report
- > CSR Report / COP
- > Remuneration Report



Introduction to Corporate Governance at RTX

RTX governance model aims to ensure an active, transparent and accountable management of the Group. This statutory report is made cf. section 107b of the Danish Financial Statements Act and covers the financial year 2020/21 (1 October 2020 to 30 September 2021).

RTX governance model

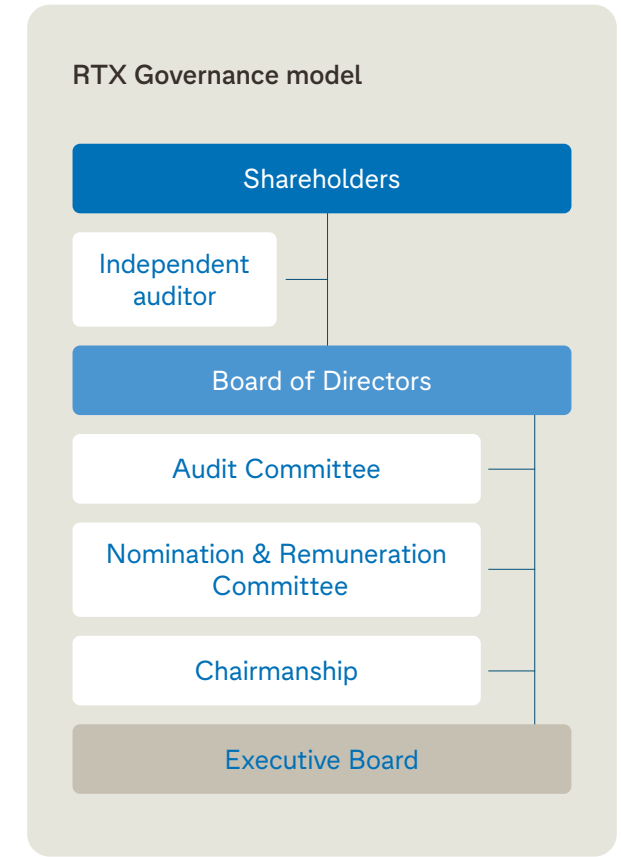
RTX's corporate governance framework is based on a two-tier system in which the Board of Directors and Group Executive Management together form the governing body of RTX but have two distinct roles.

The Board of Directors appoints and controls the Executive Board and Group Executive Management and defines the overall strategy and objectives in close collaboration with Group Executive Management. The Executive Board and Group Executive Management are responsible for the operational and tactical management of the company, for ensuring progress on the outlined strategic direction, for daily risk management and for ensuring compliance with relevant legislation and procedures as well as for submitting reports on performance, strategy and budget suggestions etc. to the Board of Directors. At present, the Executive Board consists of two members and Group Executive Management consists of six members.

The ultimate authority over the Company rests with the Shareholders at the annual general meeting. Rules and deadlines applying to annual general meetings are stipulated in the Articles of Association of RTX, which are available at www.rtx.dk. As mandatory items at the annual general meetings, shareholders review and approve the financial report for the year, from time to time approve the remuneration policy, elect the board members as well as the independent auditors, based on recommendations from the Board of Directors. Further, in case of any potential changes to the Articles of Association, the annual general meeting will act as the supreme body of authority.

Board of Directors

The Board of Directors consists of eight members, five of which are elected at the annual general meeting. Shareholder-elected members are elected individually and for terms of one year and may stand for re-election. The number of board members and the composi-



tion of the board, in terms of professional experience and relevant competencies, is considered adequate by the Board of Directors. The competencies of the members of the Board of Directors cover, among others, general international management as well as business development, sales, operations, technology, R&D and financial management in a variety of industries relevant to RTX.

Pursuant to the Danish Companies Act, three additional board members are elected by the employees for a term of four years with the latest elections held in January 2019. The employee representatives serving on the board hold the same rights and obligations as the shareholder-elected members. There were no changes to the composition of the Board of Directors during 2020/21.

The Board of Directors conducts a self-evaluation of the work in the board as well of the cooperation between the Board of Directors and the Executive Board. This evaluation was carried out with external assistance during the autumn of 2020. The result of the evaluation did not give rise to any significant observations and validated the appropriateness of the current composition of the Board of Directors.

At least four ordinary board meetings are held per year. In 2020/21, seven ordinary board meetings were held. Extraordinary board meetings are held according to need. In 2020/21, eleven board meetings were held

in total. The attendance of board members at board meetings in 2020/21 was 99% of full attendance. One of the board meetings is the annual strategy seminar where the Board of Directors in-depth discusses and approves strategic direction and actions both for RTX's target market segments and for the enabling functional areas within RTX based on presentations by Group Executive Management.

Board committees

The Audit Committee of RTX operates according to its terms of reference approved by the Board of Directors and refers to the Board of Directors. Four Audit Committee meetings are held per year and the committee consists of three members. The main tasks of the Audit Committee are to supervise financial reporting, accounting policies and estimates, internal controls, risk management, overseeing any whistleblower reports, external audit and to recommend to the Board of Directors the approval of financial statements and the appointment of external auditors. During the year, the Audit Committee additionally focused specifically on CSR and ESG reporting, insurance coverages as well as IT infrastructure and risks. In 2020/21, there have been no incidents reported to RTX's whistleblower system.

The Nomination & Remuneration Committee refers to the Board of Directors. The Nomination and Remuneration Committee consists of three members. The main tasks of the committee include succession planning at

Board of Directors 2020/21 focus areas

Business and Strategy

- Review, discuss and approve the Company's strategy plans
- Monitor and discuss market developments
- COVID-19 impact and mitigation
- Component scarcity and supply chain challenges
- New organizational structure
- Financial performance, reporting and budgets
- Capital structure and distributions to shareholders

Governance and Remuneration

- Review of Board of Directors evaluation process
- Risk management and internal controls
- Approval of and dialogue with external auditor
- Executive remuneration and incentive programs
- CSR considerations added to charter for the Audit Committee

the Board of Directors and Group Executive Management levels, suggesting appropriate management remuneration and incentive programs and planning the evaluation process of the Board of Directors.

Executive management

The Executive Board and Group Executive Management are responsible for the operational and tactical management of the company, for ensuring progress on the outlined strategic direction, for daily risk management and for ensuring compliance with relevant legislation and procedures as well as for submitting reports on performance, strategy and budget suggestions etc. to the Board of Directors.

At present, the Executive Board consists of two members (CEO and CFO) and Group Executive Management consists of six members. There were no changes to the Executive Board in 2020/21, while there was one addition to Group Executive Management which now also includes a Vice President of R&D. Thus, Group Executive Management now consists of the CEO, CFO, CCO, CTO, COO and VP R&D.

Internal controls

RTX has established internal control and risk management systems to eliminate, mitigate or substantially reduce the risk of significant errors or omissions in the presentation of the accounts and to ensure that the internal and external financial reporting gives a true and fair view without significant misinformation. On

an ongoing basis, the Audit Committee and Group Executive Management consider major risks and internal controls in connection with the Group's activities and their impact on the accounting and financial reporting processes.

On behalf of the Board of Directors, the Audit Committee monitors the presentation of accounts and annual financial statements as well as the sufficiency and efficiency of the internal controls including financial reporting standards, accounting principles and significant accounting estimates on an ongoing basis.

The internal controls at RTX primarily consist of an organization with clearly defined roles supporting an efficient and relevant allocation of responsibilities, from an internal control perspective, and secondly of specific control activities intended to identify and reduce the risk for errors in the accounting. The control activities are based on an estimation of risk and significance. Control activities include, for example, manual and physical checks and reconciliations, automated checks and reconciliation and general IT checks. Further, monthly business reviews and controlling meetings are held.

At least once a year, the Board of Directors considers whether the internal control systems are adequate. The internal control systems are discussed with the independent external auditors at the board meeting at which the annual report is considered for adoption.

Based on the external auditors' audit report, the Board of Directors and the auditors discuss the outcome of the audit, material accounting policies used, material accounting estimates and the appropriateness internal controls.

The Audit Committee has, on behalf of the Board of Directors, assessed the need for a dedicated internal audit function and has concluded that this is not required considering the scope, complexity and resources of the Company in combination with the existing control processes and activities of the Company.

As part of the control and risk management systems, RTX has established a whistleblower reporting function for confidential notification of possible suspected wrongdoing. During 2020/21, there have been no incidents reported to RTX's whistleblower system.



"The Board of Directors is committed to ensure a compliant, responsible and transparent management and operation of RTX. During the past financial year, RTX has worked on updating the definition of its purpose, mission and values and we have continued to develop our governance and remuneration reporting."

Peter Thostrup

Chair of the Board

Recommendations on Corporate Governance

As a listed company, RTX A/S reports on its corporate governance pursuant to section 107b of the Danish Financial Statements Act and the “Nordic Main Market Rulebook for Issuers of Shares” of Nasdaq Copenhagen, Nasdaq Helsinki, Nasdaq Iceland, Nasdaq Stockholm (1 October 2021). Listed companies must, based on the “comply or explain” principle, state their position to the Danish Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance. The recommendations applicable for the reporting period (financial year 2020/21) for RTX were issued on 23 November 2017.

A new set of recommendations applicable for financial years commencing 1 January 2021 or later have been published and are applicable for RTX from the next financial year (2021/22). The recommendations of the Danish Committee on Corporate Governance are available on the website of the committee at corporategovernance.dk.

RTX's position and approach to each of the recommendations is described below in this statutory report. During 2020/21, the Annual General Meeting for the first time voted on the Remuneration Report of RTX in an advisory vote. Now RTX publishes its second Remuneration Report which will be considered in an advisory vote at next year's Annual General Meeting on 27 January 2022. Also, RTX has been working on updating its purpose, mission, vision and values during the year.

In one area the Board of Directors has considered that the business interests of RTX does not justify full compliance with the recommendations. Consequently, RTX is fully compliant on 46 out of the 47 recommendations in 2020/21 and partially compliant on the remaining recommendation.

Statutory report on Corporate Governance 2020/21

RTX complies with the recommendations	46
RTX partially complies with the recommendations	1
RTX does not comply with the recommendations	0

Compliance explanations

-  RTX complies with the recommendations
-  RTX partially complies with the recommendations
-  RTX does not comply with the recommendations

1. Communication and Interaction by the Company with its Investors and other Stakeholders

Recommendation

Compliance

Comment

1.1. Dialogue between company, shareholders and other stakeholders

- 1.1.1. The Committee **recommends** that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in respect to the company.



RTX continuously conducts an open and active dialogue with current and potential shareholders, analysts as well as other interested parties about the Company's business development and financial position.

Annual general meeting:

RTX invites investors to express their opinions at the annual general meeting either by addressing questions beforehand or by asking questions at the assembly as well as by voting.

Financial reporting:

Upon announcement of the quarterly and annual financial results, RTX's Executive Board presents the results and main events from the previous quarter. At these presentations it is possible for investors and analysts to ask questions directly to the Executive Board.

Investor presentations:

RTX also participates in periodic investor presentations where RTX and the RTX share is introduced and detailed to existing and prospective investors. At such presentations it is also possible for investors and analysts to ask questions directly to the Executive Board.

Company announcements:

All company announcements are in English and Danish and are reported to Nasdaq Copenhagen and made available on www.rtx.dk.

RTX website:

At RTX's website, interested analysts and investors can access financial reports, company announcements, investor presentations, various governance and CSR/ESG information and documentation, as well as contact details for investor relations contacts.

Recommendation

Compliance

Comment

1.1.2. The Committee **recommends** that the board of directors adopts policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensures that the interests of the stakeholders are respected in accordance with company policies.



RTX strives to maintain good relations to the Company's key stakeholders, as this is considered very important to the Company.

The Company's IR policy is published on www.rtx.dk

1.1.3. The Committee **recommends** that the company publish quarterly reports.



RTX publishes quarterly financial results at www.rtx.dk and reports these to Nasdaq Copenhagen.

1.2. General meeting

1.2.1. The Committee **recommends** that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.



The date of the annual general meeting is announced with the financial calendar for the coming financial year. The date of the next annual general meeting including the deadline for submission of items to be included on the agenda was announced on 27 September 2021 (company announcement 52/2021).

In order to promote active ownership, the Board of Directors recommends that voting shareholders exercise their voting rights at the annual general meeting and if unable to attend voting can be done in advance by post or via proxies as per 1.2.2 below.

1.2.2. The Committee **recommends** that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.



It is possible for shareholders to vote by proxy or by post at annual general meetings of RTX.

Proxies to the Board of Directors are given for one annual general meeting at a time.

The shareholder will have the possibility to take a position on each item on the agenda on the proxies and the postal voting that RTX employs.

1.3. Takeover bids

1.3.1. The Committee **recommends** that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.



The Board of Directors and management concur with the recommendation and the steps included in the recommendation are part of the handling of any takeover bids.

2. Tasks and Responsibilities of the Board of Directors

Recommendation	Compliance	Comment
2.1. Overall tasks and responsibilities		
2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.		On an annual basis, the rules of procedure defined by the Board of Directors is considered/adjusted (if necessary) by the Chairmanship.
2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.		As part of the work in the board during the year, an annual strategy seminar is held with the Board of Directors and Group Executive Management to discuss and adjust the overall strategic direction in relation to market developments in order to secure the continued basis for long-term value creation
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.		On an ongoing basis, the Board of Directors considers if the capital and share structure supports the Company's strategic direction and the long-term value creation. Such considerations are reflected and presented in the "Capital Structure and Allocation" section in the annual report. In this section RTX's "Policy on Capital Structure and Distributions to Shareholders" approved by the Board of Directors is also communicated. During 2020/21, RTX has carried out share buy-backs amounting to DKK 50.0 million. Additionally, RTX paid dividends of DKK 21.0 million (DKK 2.5 per share) in January 2021 based on the financial year 2020/21. Thereby RTX has actively adjusted the capital and share structure of the Company.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.		At least once a year the Chairmanship evaluates the rules of procedure for the Executive Board. These rules of procedure include among other issues the requirements to reporting and communication by the Executive Board to the Board of Directors.
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.		The Board of Directors complies with the recommendation. Every board meeting has time set aside for a discussion without the Executive Board present and additionally the Nomination and Remuneration Committee as well as the Chairmanship of the Board of Directors has an ongoing dialogue regarding these issues.

Recommendation

Compliance

Comment

2.2. Corporate social responsibility

2.2.1. The Committee **recommends** that the board of directors adopt policies on corporate social responsibility.



For many years, the Board of Directors and Group Executive Management have been aware of the importance of the Company's relations to its stakeholders and of managing these. In the annual reporting the CSR focus areas and initiatives are described as well as the cooperation with suppliers and major customers. This is based on a materiality assessment of relevant CSR issues. In 2013/14, RTX adopted the UN's Global Compact and thus publishes a "Communication of Progress" (COP) report. The COP report is published annually and is available at www.rtx.dk.

The company has defined policies for its staff including social responsibility issues within human rights, labor policies and diversity.

2.3. Chairman and vice-chairman of the board of directors

2.3.1. The Committee **recommends** appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.



The Board of Directors has elected a Deputy Chair (Vice Chair). The rules of procedure include an overall description of the tasks, duties and responsibilities of the Chair and Deputy Chair.

2.3.2. The Committee **recommends** that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration thereof should be publicly announced.



The Board of Directors' opinion is in accordance with the recommendation. The issue has not been relevant during 2020/21.

3. Composition and Organization of the Board of Directors

Recommendation

Compliance

Comment

3.1. Composition

3.1.1. The Committee **recommends** that the board of directors annually evaluate and in the management commentary, account for:

- the competencies that it must have to best perform its tasks;
- the composition of the board of directors;
- and the special competencies of each member.



In the annual report RTX has listed the composition of the Board of Directors and the Executive Board and the directorships and competencies of each member of the Board of Directors.

3.1.2. The Committee **recommends** that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.



RTX's staff policy includes a purpose to attract and retain highly qualified and motivated employees. In relation to employment and recruitment, RTX strives to have a reasonable split between male and female candidates, even though the Company operates in an industry with primarily male candidates. RTX realizes that the present share of women among our engineering staff may be too low to ensure a pipeline of future female candidates for the management in RTX. In the recruitment process RTX encourages qualified female applicants to apply for vacant positions as they arise. In addition, the Company seeks to ensure international and age diversity as the Company is of the opinion that diversity generates the best results in the organization.

RTX's policy and objectives for diversity is further explained in its annual COP report.

3.1.3. The Committee **recommends** that the selection and nomination of candidates for the board of directors be carried out through a thorough and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.



On an ongoing basis and advised by the Nomination and Remuneration Committee, the Board of Directors discusses required competencies and act upon the assessment. In relation to the election of board members at the annual general meeting each candidate's competence profile is presented including international experience, age and gender.

Recommendation

Compliance

Comment

3.1.4. The Committee **recommends** that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates:

- other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises; and
- demanding organisational tasks.

Furthermore, it should be indicated if the candidates for the board of directors are considered independent.



Jointly, the Board of Directors must have competencies within the main areas of international management including knowledge of managing technological companies with R&D activities, business-to-business sales, management of listed companies as well as accounting and finance.

The Board of Directors motivates and describes the candidates' qualifications and other executive functions in the notice to the annual general meeting.

3.1.5. The Committee **recommends** that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.



The Board of Directors' opinion is in accordance with the recommendation should the situation occur. The issue has not been relevant in the financial year.

3.1.6. The Committee **recommends** that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.



In accordance with the Articles of Association (item 11.3) of RTX, members of the Board of Directors are elected at the annual general meeting for one year at a time.

Recommendation

Compliance

Comment

3.2. Independence of the board of directors

- 3.2.1. The Committee **recommends** that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.



At present, all members, but one, of the Board of Directors elected by the annual general meeting are considered independent. Peter Thstrup is not considered independent having been a member of the board of directors for 12 years.

To be considered independent, this person may not:

- be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company;
- within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors;
- represent or be associated with a controlling shareholder;
- within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company;
- be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting;
- be part of the executive management in a company with cross-management representation in the company;
- have been a member of the board of directors for more than 12 years; or
- be a close relative with persons who are not considered independent.

Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.

Recommendation

Compliance

Comment

3.3. Members of the board of directors and the number of other management functions

3.3.1. The Committee **recommends** that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.



The Board of Directors is of the belief that each RTX board member is able to estimate his/her own time, so the necessary time for work of high quality in the board is allocated to RTX. RTX also believes that this assessment is evident from the list of other directorships of each of the board members as presented in the annual report.

3.3.2. The Committee **recommends** that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:



The information is contained across the annual report and the remuneration report for all members of the Board of Directors.

- the position of the relevant person;
- the age and gender of the person in question;
- the person's competencies and qualifications that are relevant to the company;
- whether the member is considered independent;
- the member's date of appointment to the board of directors;
- expiry of the current election term;
- the member's participation in the meetings on the board of directors and committee meetings;
- other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks; and
- the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year.

3.3.3. The Committee **recommends** that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.



This is assessed in the evaluation procedure of the Board of Directors (cf. section 3.5).

Recommendation

Compliance

Comment

3.4. Board committees

3.4.1. The Committee **recommends** that the company publish the following on the company's website:

- the terms of reference of the board committees;
- the most important activities of the committees during the year and the number of meetings held by each committee; and
- the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies.



Terms of reference for the Audit Committee are published on the Company's website. Description of the activities and members of the committees are published in the annual report in the section on "Governance".

3.4.2. The Committee **recommends** that a majority of the members of a board committee be independent.



The majority of members in the Audit Committee as well as in the Nomination & Remuneration Committee are considered independent.

3.4.3. The Committee **recommends** that the members of the board of directors set up among its members an audit committee and that a chairman is appointed who is not the chairman of the board of directors.



An Audit Committee is established with a clear meeting structure and governance model. The Chair of the Board of Directors is not the Chair of the Audit Committee.

3.4.4. The Committee **recommends** that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:

- significant accounting policies;
- significant accounting estimates;
- related party transactions; and
- uncertainties and risks, including in relation to the outlook for the current year.



In accordance with the terms of reference for the Audit Committee, the financial reporting is reviewed at the four quarterly audit committee meetings. In connection with the annual report, accounting policies, significant estimates, transactions with related parties, as well as risks and uncertainties are reviewed. In addition, the external auditor participates as an independent party to present the independent audit report as well as any general and specific observations.

Recommendation

Compliance

Comment

3.4.5. The Committee **recommends** that the audit committee:

- annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function;
- ensure that if an internal audit has been established, a description of its functions is approved by the board of directors;
- ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work; and
- monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.



It is annually evaluated whether an internal audit function is required considering the scope, complexity and resources of the Company.

3.4.6. The Committee **recommends** that the board of directors establish a *nomination committee*, which is at least, responsible for the following preparatory tasks:

- describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies;
- annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors;
- annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect;
- recommending candidates for the board of directors and the executive board; and
- proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.



RTX has established a Nomination & Remuneration Committee responsible for preparatory tasks on behalf of the Board of Directors.

Recommendation

Compliance

Comment

3.4.7. The Committee **recommends** that the board of directors establish a *remuneration committee*, which is at least, responsible for the following preparatory tasks:

- recommending the remuneration policy (including the “General Guidelines for incentive-based Remuneration”) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting;
- making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group;
- recommending a remuneration policy applicable for the company in general; and
- assisting with the preparation of the annual remuneration report.



RTX has established a Nomination & Remuneration Committee responsible for preparatory tasks on behalf of the Board of Directors.

3.4.8. The Committee **recommends** that the remuneration committee do not consult with the same external advisers as the executive board of the company.



The external advisors to the Board of Directors related to remuneration are not the same as the Company’s customary legal and financial advisers.

Recommendation

Compliance

Comment

3.5. Evaluation of the performance of the board of directors and the executive board

3.5.1. The Committee **recommends** that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:

- contribution and results;
- cooperation with the executive board;
- the chairman's leadership of the board of directors;
- the composition of the board of directors (including competencies, diversity and the number of members);
- the work in the committees and the committee structure; and
- the organisation and quality of the material that is submitted to the board of directors.

The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.



During the fall of 2020, the Chair of the Board of Directors together with external experts have conducted an evaluation of the work, cooperation, leadership, composition etc in the Board of Directors. Findings from the evaluation are described in the "Governance" section of the annual report for 2020/21.

3.5.2. The Committee **recommends** that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.



The chairmanship annually gives feedback on the work of Group Executive Management, including to which extent the Group's objectives have been met, financially, strategically as well as regarding the sustainability and the reputation of the Group.

3.5.3. The Committee **recommends** that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.



The cooperation between Group Executive Management and the Board of Directors is evaluated at the chairmanship meetings each quarter. In addition, the Chair and the CEO of the Company has a formal dialogue and evaluation after the end of the financial year.

4. Remuneration of Management

Recommendation

Compliance

Comment

4.1. Form and content of the remuneration policy

4.1.1. The Committee **recommends** that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes

- a detailed description of the components of the remuneration for members of the board of directors and the executive board;
- the reasons for choosing the individual components of the remuneration;
- a description of the criteria that form the basis for the balance between the individual components of the remuneration; and
- an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.

The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.



At the Annual General Meeting in January 2020 the Board of Directors presented an updated remuneration policy in accordance with the requirements in sections 139 and 139a of the Danish Companies Act. The Annual General Meeting approved the updated remuneration policy.

As recommended, RTX's remuneration policy (i) includes a description of both short-term and long-term remuneration components, (ii) description of criteria/reasons for remuneration components and explanation of the link between remuneration and the value creation and objectives of the Company, (iii) is adopted by the Annual General Meeting (iv) is clearly described and (v) is published on the Company's website.

Additionally, the remuneration policy covers the other requirements of sections 139 and 139a of the Danish Companies Act. The policy is available for download via www.rtx.dk/RemunerationPolicy.

4.1.2. The Committee **recommends** that if the remuneration policy includes variable components;

- limits should be set on the variable components of the total remuneration package;
- a reasonable and balanced composition should be maintained between remuneration for members of management and the value creation for shareholders in the short and long term;
- clarity should be established about performance criteria and measurability for the award of variable components;
- variable remuneration should not only consist of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years; and
- the company should have the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect.



The remuneration policy clearly states (i) which fixed and variable remuneration components may be applied, (ii) the policy sets limits on the variable components, (iii) the policy defines both short-term and long-term variable remuneration components and (iv) the policy includes clawback mechanisms for the Company.

As expressed in the remuneration policy it is the assessment of the Board of Directors that the mix of these components creates a balanced remuneration package reflecting both individual performance and responsibility of the members of the Executive Board in relation to RTX's short-term and long-term goals and targets as well as the Company's overall performance. The composition of the remuneration of each individual member of the Executive Board is determined so as to facilitate the Company's ability to attract and retain qualified management while at the same time ensuring the Executive Board has incentives to create added value for the Company's shareholders through variable compensation.

Recommendation

Compliance

Comment

4.1.3. The Committee **recommends** that remuneration of members of the board of directors does not include share options or warrants.



The recommendation is partly followed. Remuneration for members of the Board of Directors does not include variable elements such as bonus, share options, warrants or similar.

However, the employee representatives on the Board of Directors may be included in a share-based remuneration programme – not because of their function in the Board of Directors but their regular job function and qualification profile.

4.1.4. The Committee **recommends** that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.



The recommendation is followed in the Company's remuneration policy and compliance is assured in the Company's remuneration report for all long-term incentive programs (RSU and Accelerated RSU programs). One of the Accelerated programs (Accelerated RSU II) has a vesting period of two years, while all other RSU and Accelerated RSU programs have a vesting period of three years.

4.1.5. The Committee **recommends** that the total value of the remuneration relating to the notice period, including severance pay, does not exceed two years of remuneration, including all components of the remuneration.



In accordance with the remuneration policy, the total value of severance payment and notice period remuneration is between 6 months and 12 months for members of the Executive Board.

4.2. Disclosure of remuneration

4.2.1. The Committee **recommends** that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.



The remuneration policy has been presented to and adopted by the Annual General Meeting in January 2020. The remuneration report, including conclusion on compliance with the remuneration policy, was presented for an advisory vote at the Annual General Meeting in January 2021 and approved in the advisory vote.

4.2.2. The Committee **recommends** that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.



At the relevant annual general meetings shareholders consider the proposed remuneration policy, the remuneration report and annual report containing specification of remuneration of the Board of Directors.

4.2.3. The Committee **recommends** that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.



RTX prepares a remuneration report in accordance with the requirements of section 139b of the Danish Companies Act. The Remuneration Report for 2020/21 is available via the company's website at www.rtx.dk/RemunerationReport.

The remuneration report should be published on the company's website

5. Financial Reporting, Risk Management and Audits

Recommendation	Compliance	Comment
5.1. Identification of risks and transparency about other relevant information		
5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.		Refer to the annual report in the section on "Risk Management".
5.2. Whistleblower scheme		
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.		Whistleblower reporting is available via the website of RTX.
5.3. Contact to auditor		
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.		The external auditor elected by the annual general meeting meets the Audit Committee at least twice annually and the full Board of Directors at least once annually at which meeting the Board of Directors also discusses with the external auditor without the Executive Board present.
5.3.2. The Committee recommends that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.		The Audit Committee recommends the audit agreement (incl. fee for the statutory audit) to the Board of Directors for approval.



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