



Global Transport and Logistics

# Statutory Report on Corporate Governance

CF. ARTICLE 107B OF THE DANISH FINANCIAL STATEMENTS ACT



This statutory report on corporate governance covers the period 1 January – 31 December 2017 and is pursuant to the Danish Financial Statements Act art. 107b. The report is part of the Management's Review in the Annual Report for 2017.

The report includes a description of DSV's management structure, a description of the Group's internal control and risk management systems in relation to the financial reporting process and DSV's comments on the status with the Recommendations on Corporate Governance.

The report is not covered by the auditors' report prepared in connection with the Annual Report for 2017.

## Management structure

Together, the Board of Directors and the Executive Board constitute the governing body of DSV. The ultimate authority rests with the shareholders in general meeting.

The Board of Directors supervises and outlines the overall visions, strategies and objectives for the development of the Group's business activities.

The Executive Board is responsible for the day-to-day management and the execution of the strategy, and further more contributes essential input to the work of the Board of Directors.

The Board of Directors has established audit, nomination and remuneration committees to perform various preparatory tasks relating to key areas of the Board's work.

The allocation of responsibilities between the Board of Directors and the Executive Board is laid down in the relevant Rules of Procedure.

The individual Division Managers are responsible for the day-to-day operations of the Divisions supported by centralised Group functions.

## Board of Directors

### Composition

The Board of Directors of DSV currently has six members (Directors). According to the Company's Articles of Association, the Board of Directors must comprise at least five and not more than nine Directors. Directors are elected for a term of one year at a time, and new Directors are elected according to the applicable rules of the Danish Companies Act.

The composition of the Board of Directors is intended to ensure the diversity of the Board's competency profile and that the Board is able to perform its duties as effectively as possible. Reference is made to page 37 of the 2017 Annual Report for a description of the individual Directors' skills and experience in relation to the work of the Board.

### Board meetings

The Board of Directors held nine ordinary board meetings in 2017. The content of the meetings is partly determined by the annual cycle of the Board, thus ensuring that all important policies are reviewed. Besides the work laid down in the annual cycle, the Board also focused on the integration of UTi Worldwide Inc.

### Board of Directors self-evaluation

Once a year, the Board of Directors performs an overall self-evaluation, which focuses on the results, composition and competencies of the Board as a whole. The Chairman of the Board is in charge of the self-evaluation process, which is driven by our Group Compliance department acting as an

independent intermediary. When completed, the self-evaluation report is discussed by the Board.

The result of the self-evaluation conducted in 2017 did not give rise to any significant considerations and supports the current composition of the Board.

### Independence of Board members

According to the Danish Recommendations on Corporate Governance, four of the six members of the Board of Directors are regarded as independent. Kurt K. Larsen (Chairman) and Jørgen Møller were members of the Executive Board and Division Management, respectively, until joining the Board of Directors and are therefore not regarded as independent Board members as defined in the Recommendations.

## Board committees

### Audit committee

The Audit Committee consists of three members, with expertise and experience in financial accounting.

The overall tasks of the Audit committee are:

- To monitor and report on the statutory audit and financial reporting processes including compliance with legislation, standards and regulations;
- To monitor internal controls and risk management systems;
- To monitor auditor independence and reporting, and to facilitate the auditor selection processes.

The Committee held four meetings in 2017. Besides the work laid down in the annual cycle, the change of auditors, the integration of UTi, the adoption of new IFRS standards and other specific accounting matters were focus areas in 2017.

The Rules of Procedure of the Audit Committee are available at investor. [investor.dsv.com/policies.cfm](http://investor.dsv.com/policies.cfm)

### Nomination committee

The Nomination Committee consists of four members, who focus on ensuring an optimal composition of the Board of Directors and the Executive Board.

The overall tasks of the Nomination committee are:

- To define the competencies required of candidates for the Board of Directors and the Executive Board, including considerations on the balancing of skills, knowledge and experience of the two management bodies;
- To evaluate once a year the structure, size, composition and performance of the Board of Directors and the Executive Board including the skills, knowledge and experience of the individual members;
- To identify and suggest new candidates for the Board of Directors and the Executive Board.

The Committee held two meetings in 2017, mainly focusing on the self-evaluation process of the Board of Directors, talent management and succession planning processes in DSV.

The Rules of Procedure of the Nomination Committee are available at [investor.dsv.com/policies.cfm](http://investor.dsv.com/policies.cfm)

### Remuneration committee

The Remuneration Committee consists of two members, who address the general remuneration policy of DSV.

The overall tasks of the Remuneration committee are:

- To make recommendations on DSV remuneration policies;
- To make proposals on the remuneration of members of the Board of Directors and the Executive Board;
- To ensure compliance with DSV remuneration policies for members of the Board of Directors and Executive Board.

The Committee held two meetings in 2017, focusing among other issues on the implications of the European Union Shareholders Rights Directive for the DSV remuneration policies and reporting.

## Internal control and risk management systems in relation to the financial reporting process

The Board of Directors has the overall responsibility for risk management and internal controls in relation to the presentation of the financial statements.

The Company's internal control and risk management systems relating to the financial reporting process are designed to minimise the risk of irregularities and significant errors in internal and external financial reports. The internal control and risk management systems are not designed according to one specific method package; rather, they are inspired by a series of methods which have been used in establishing the Group's risk management methodology.

The key elements of the Group's risk management and internal control systems relating to the presentation of financial statements are summarised below.

### Control environment

The control environment in DSV is based on clear guidelines, a simple organisational structure, clear division of responsibilities and constant efforts to strengthen the control environment with due consideration of materiality and risk. This culture is driven from senior management level. The Board of Directors and the Executive Board believe that a strong control environment supported by the tone at the top is crucial to good risk management and effective internal control.

The entire corporate structure is designed as a simple structure based on the Group's commercial activities with a clear division of management responsibilities. The Group Executive Board is represented in the boards of directors of all material subsidiaries, which apply standard provisions regulating the power to bind the company. This supports the maintenance of a strong control environment across the organisation.

At least once a year, the Board of Directors and Executive Board establish and approve all general policies, procedures and control systems in essential fields, including the Code of Conduct, Corporate Social Responsibility Policy and the Rules of Procedure of the Board of Directors and Executive Board. In addition, policies have been adopted and manuals created within essential fields of financial reporting: accounting and reporting manual, finance, credit and authorisation policies, IT strategy and effective separation of functions.

The Group's central control and compliance functions are responsible for establishing essential policies and manuals and for the relevant follow-up in this respect.

The Audit Committee also supports a strong control environment. As part of its annual tasks, the Audit Committee assesses the need for an internal audit function and in that connection formulates recommendations for the Board of Directors regarding the establishment of such function. The Audit Committee deems that the existing control and risk management systems are adequate, and DSV has opted not to establish an internal audit function for the time being.

### Risk assessment

The Board of Directors and Executive Board regularly assess key risks and internal control systems in connection with the presentation of consolidated financial statements. This implies, inter alia, that the risk factors and financial and management control systems relating to financial reporting are assessed by the Board of Directors at least once a year. The process includes an assessment of whether the organisational structure and allocation of human resources remain optimal.

The most material and risky items are identified and assessed annually, and the identified risks are matched with internal procedures and controls. The items deemed to be the most material and risky are described in more detail in the Annual report for 2017.

### Control activities

Our control activities are designed to address the risks identified by Management. The purpose of the control activities is to verify that the established policies, manuals and procedures are followed and that any material misstatement is prevented, discovered and remedied. In that connection it is vital that the reasons for any misstatements are identified and eliminated.

Minimum requirements of control systems that apply to all Group companies have been laid down on the basis of the risks identified. The control activities include procedures for authorisation, approval, reconciliation, results and liquidity analyses and effective separation of functions. The control systems comprise both manual and automated controls.

We also apply various key IT control systems. The key control systems are primarily targeted at corporate IT functions to help safeguard IT operations and thereby support the quality and reliability of the Group's financial reporting.

Group Management and the national managements of the subsidiaries in the various countries have high focus on financial ratios and follow-up in this respect. Monthly internal financial reports are subject to established internal control procedures, including central closing of reporting systems and central review and analysis of reports from the subsidiaries. The review of the reports received is based on an assessment of materiality and risk factors relating to the individual subsidiary.

Detailed procedures and control systems have been established at Group level to ensure timely notification of NASDAQ Copenhagen in accordance with applicable rules.

### Information and reporting

DSV has established standardised information and reporting systems to ensure that the financial reporting gives a true and fair view and is in compliance with legislation and that other internal control procedures of the Group are observed. Internal reporting instructions and control procedures are continuously revised and evaluated to constantly ensure that financial reports are reliable and transparent.

Management's position on risk management and changes in reporting requirements is regularly communicated through newsletters, by holding financial conferences for the financial managers of the subsidiaries, through the corporate intranet and dialogue with the individual national managements. Management emphasises an adequate level of internal communication within the framework of the current stock exchange legislation to ensure in the best possible manner that all employees are aware of their responsibilities within the organisation and accordingly are able to effectively and reliably perform their duties.

### Monitoring

The internal control and risk management systems in relation to the presentation of financial statements are monitored at various levels. The monitoring consists of monthly reports to the DSV Management on comprehensive consolidated accounting data and the Group's segments and markets, and of regular control visits to Group entities and the Audit Committee's work. Furthermore, Management receives cash reports from the subsidiaries on a weekly basis.

The monitoring of the financial reporting process by the Audit Committee is based on regular reports from the Group Finance Department, annual updates on the status of key financial reporting control systems and review of critical accounting estimates and policies. The reports are also reviewed by the external auditors, and the Board of Directors oversees the Executive Board to ensure that it responds effectively in case of weaknesses or deficiencies detected by internal control systems or external audits and that any agreed initiatives to improve risk management and internal control are implemented as planned.

DSV has also implemented a global whistleblower programme. The system enables the employees to anonymously report any material offences or suspicion thereof and contributes to strengthening the monitoring of compliance with Group policies.

Information regarding the intended use of DSV's Whistleblower Programme has been communicated to all subsidiaries and is available to all employees at the corporate intranet.




# Recommendations on Corporate Governance

The Recommendations issued by the Committee on Corporate Governance in May 2013 and last updated in November 2014 are actively used by the Board of Directors in its work, and the Board regularly assesses its procedures according to the Recommendations.

As a listed Danish company on Nasdaq Copenhagen under the "Rules for issuers of shares" DSV must give a statement on how we address the Recommendation on Corporate Governance based on the "comply-or-explain" principle.

DSV's position on each specific Recommendation is described in the following schedule. DSV is in compliance with all but three of the 47 recommendations. The recommendations where DSV derogates on parts of the recommendations are 2.1.6 – Diversity at management levels, 3.1.4 Retirement age for members on the Board of Director and 3.4.2 Independence of board committees.

The recommendations are available in their entirety at [www.corporategovernance.dk](http://www.corporategovernance.dk).

 The recommendation is being fulfilled       The recommendation is partially being fulfilled       The recommendation is not being fulfilled

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>			
<b>1.1 Dialogue between company, shareholders and other stakeholders</b>			
<b>1.1.1 THE COMMITTEE RECOMMENDS</b> that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	●		Ensuring an effective and ongoing dialogue with current and potential shareholders of the Company is a regular, annual task of the Board of Directors and is formalised in an information and communication policy which is included in the Rules of Procedure of the Board of Directors and a separate Investor Relations Policy which is available on the corporate website. To ensure that international investors have access to all relevant information, information from the company is also sent out in English.
<b>1.1.2 THE COMMITTEE RECOMMENDS</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	●		The Board of Directors assesses and identifies the Company's stakeholders and their interests in the Company at least once a year. This assessment is a regular, annual task of the Board of Directors. Management pursues an active and open dialogue with DSV's stakeholders to develop and strengthen the Company. The annual report of DSV includes information on its investor relations policy, its corporate governance practices and a corporate social responsibility statement. Ongoing efforts are made to improve DSV's policies relative to its stakeholders including the yearly review and potential adjustment of DSV's tax policy.
<b>1.1.3 THE COMMITTEE RECOMMENDS</b> that the company publish quarterly reports.	●		DSV publishes interim financial reports each quarter which are subsequently supplemented by investor presentations. The investor presentations are given as public investor teleconferences via webcast. Invitations to attend the teleconferences are issued in company announcements to NASDAQ Copenhagen.
<b>1.2 General Meetings</b>			
<b>1.2.1 THE COMMITTEE RECOMMENDS</b> that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership	●		The Board of Directors and the Executive Board prepare a detailed agenda for the annual general meeting to enable the shareholders to participate actively at general meetings.
<b>1.2.2. THE COMMITTEE RECOMMENDS</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	●		Proxy documents to the Company's Board of Directors are issued for the general meeting and will entitle the proxy to vote on each individual agenda item, which is described in detail in the notice convening the meeting.

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<b>1.3 Takeover Bids</b>			
<p><b>1.3.1. THE COMMITTEE RECOMMENDS</b> 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. According to such contingency procedures, 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.</p>	●		<p>If the Board of Directors obtains knowledge that a takeover bid will be submitted, the Board of Directors will act in the interest of the shareholders and will not obstruct a takeover by preventing a third party or limit its ability to present or execute a takeover offer. In order to best be able to act in the shareholders' interest in a structured way the Board of Directors has prepared a manual describing the procedures in case of a potential takeover bid.</p>

## 2. Tasks and responsibilities of the board of directors

### 2.1. Overall tasks and responsibilities

**2.1.1 THE COMMITTEE RECOMMENDS** that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.



The Rules of Procedure for the Board of Directors and the Executive Board define the roles and responsibility of the two bodies and describe the tasks which must be covered by the annual cycle of the Board of Directors. The Rules of Procedure are updated at least once a year.

**2.1.2 THE COMMITTEE RECOMMENDS** that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.



As an element of the responsibility of the Board of Directors for the overall and strategic management of the Company, as stipulated in the Danish Companies Act, the Board reviews and determines the strategic objectives of the Company together with the Executive Board at least once a year.

**2.1.3 THE COMMITTEE RECOMMENDS** that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.



The evaluation of the Company's capital and share structures is a regular, annual task of the Board of Directors, as part of the strategic management of the company. The outcome of the evaluation is described in the annual report.

**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 on timely, accurate and adequate reporting to the board of directors.



The rules of procedure of the Executive Board form part of the combined Rules of Procedure of the Board of Directors and Executive Board. The Board of Directors reviews and approves the Rules of Procedure at least once a year. The Rules of Procedure clearly define the reporting requirement from the Executive Board to the Board of directors.

**2.1.5 THE COMMITTEE RECOMMENDS** that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.

The evaluation of the composition of the Executive Board is a regular, annual task of the Board of Directors and is a part of the strategic management of the company.



Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<p><b>2.1.6 THE COMMITTEE RECOMMENDS</b> that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.</p>		●	<p>DSV derogates partially from the Recommendations on diversity at management levels. The Board of Directors discusses the Group's activities on regular basis to ensure that the Group has optimal management teams at all management levels. The Board considers the issue of diversity, including international experience and gender, both in connection with new appointments and the evaluation of the composition of Management. However, the Board sees no clear connection between fixed levels of diversity and the optimal governance of the Group. For that reason, the Board of Directors has not found it expedient to set specific targets for diversity at management levels so far.</p>

## 2.2 Corporate social responsibility

**2.2.1 THE COMMITTEE RECOMMENDS** that the board of directors adopt policies on corporate social responsibility.



It is essential to DSV to continuously meet its strategic challenges in a socially responsible manner. The DSV management has prepared guidelines and policies for the Group's corporate social responsibility efforts. These policies are described in the Annual Report and CSR Report and are available on the corporate website and are reviewed by the Board of Directors once a year as a minimum.

## 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 sparing partner for the chairman.



The Board of Directors of DSV has elected a Deputy Chairman. His role is as recommended and is otherwise described in the Rules of Procedure of the Board of Directors.

**2.3.2 THE COMMITTEE RECOMMENDS** ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.



The Chairman of the Board of Directors may perform tasks for the Company in special cases, including participating in the day-to-day management. He may do so at the request of the Board of Directors. A resolution to that effect, including on precautions to ensure that the Board of Directors will maintain responsibility for the overall management and control function, will be entered into the record of proceedings. Any resolution requesting the Chairman to participate in the day-to-day management will be disclosed in a company announcement to NASDAQ Copenhagen.

## 3. Composition and organisation of the board of directors

### 3.1. Composition

**3.1.1 THE COMMITTEE RECOMMENDS** that the board of directors annually accounts for

- the skills it must have to best perform its tasks,
- the composition of the board of directors, and
- the special skills of each member.



Each year, the Board of Directors assesses the combination of skills required to best perform its tasks. The specification of skills for the Board of Directors is updated at least once a year and is included in the Rules of Procedure. The composition of the Board of Directors and of the special skills possessed by its members is disclosed annually in the Annual Report.

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<p><b>3.1.2 THE COMMITTEE RECOMMENDS</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	●		<p>Each year, the Board of Directors assesses the process for selection and nomination of candidates for the Board of Directors. This assessment is included in the regular, annual tasks of the Board of Directors.</p>
<p><b>3.1.3 THE COMMITTEE RECOMMENDS</b> that the notice convening the general meeting when election of members to the board of directors is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises</li> <li>• demanding organisational tasks, and information</li> <li>• whether candidates to the board of directors are considered independent.</li> </ul>	●		<p>The notice of the general meeting includes a description of the qualifications and other relevant functions of the candidates. It is also disclosed whether the candidate is considered independent.</p>
<p><b>3.1.4 THE COMMITTEE RECOMMENDS</b> that the company's articles of association stipulate a retirement age for members of the board of directors.</p>		●	<p>DSV does not comply with the Recommendations on retirement age for members of the Board of Directors. The Board acknowledges the Recommendation on an upper age limit for members of the board of directors, but wishes to focus on a board composition that is based on the competencies and experience of the individual members and not on age as a special consideration. The performance of the members of the Board is evaluated on an annual basis, and the composition of the Board is based on that evaluation and other parameters, but not on age.</p>
<p><b>3.1.5 THE COMMITTEE RECOMMENDS</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	●		<p>Board of Directors members are up for re-election every year at the annual general meeting according to the Articles of Association.</p>

## 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.

To be considered independent, this person may not:

- be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,
- within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors,
- represent the interests of a controlling shareholder,
- within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.
- be or within the past three years have been employed or partner at the external auditor,
- have been chief executive in a company holding cross-memberships with the company,
- have been member of the board of directors for more than 12 years, or
- have been close relatives with persons who are not considered independent.

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Four of the six current members of the Board of Directors are independent according to the said definition.

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
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### 3.3 Members of the board of directors and the number of other executive functions

**3.3.1 THE COMMITTEE RECOMMENDS** that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.



The assessment of other functions of members of the Board of Directors is a regular, annual task of the Board of Directors.

**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 position of the relevant person,
- the age and gender of the relevant person,
- whether the member is considered independent,
- the date of appointment to the board of directors of the member, expiry of the current election period,
- other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and
- demanding organisational tasks, and
- the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.



The recommended information is disclosed in the Annual Report.

### 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 on which members are independent members and which members have special qualifications.



The Board of Directors has established an Audit Committee, a Nomination Committee and a Remuneration Committee. The Rules of Procedure for each committee are available on the corporate website, and other information about the committees is included in the Annual Report of the Group. The general assessment of the need for Board committees is included in the regular annual tasks of the Board of Directors. The outcome for the assessment is disclosed in the Annual Report.

**3.4.2 THE COMMITTEE RECOMMENDS** that a majority of the members of a board committee be independent.



DSV derogates partially from the Recommendation on independence of board committee members. The Majority of the members of the Audit Committee are independent. However, that is not the case with the Remuneration Committee and the Nomination Committee. The Remuneration Committee has two members, of which Kurt K. Larsen is not independent and the Nomination Committee has four members of which Kurt K. Larsen and Jørgen Møller are not independent. The Board of Directors wants to make use of the many years of experience and branch insight of these committee members and has furthermore decided that the Remuneration Committee be composed of no more than two members. Hence, the Board has decided to derogate from the Recommendation on independence of board members for these two Committees.



Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<p><b>3.4.3 THE COMMITTEE RECOMMENDS</b> that the board of directors set up a formal audit committee composed such that:</p> <ul style="list-style-type: none"> <li>the chairman of the board of directors is not chairman of the audit committee, and</li> <li>between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	●		<p>The functions and tasks of the Audit Committee are determined in the Rules of the Procedure of the Committee, which are available on the corporate website.</p> <p>The composition of the Audit Committee is described in the Rules of Procedure of the Board of Directors as well as the Rules of Procedure of the Audit Committee and complies with the recommendation.</p>
<p><b>3.4.4 THE COMMITTEE RECOMMENDS</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> <li>significant accounting policies,</li> <li>significant accounting estimates,</li> <li>related party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	●		<p>The functions and tasks of the Audit Committee are described in general terms in the Rules of Procedure of the Board of Directors. A detailed description of the functions and tasks is included in the Rules of Procedures and annual cycle of the Audit Committee, which are available on the corporate website.</p>
<p><b>3.4.5 THE COMMITTEE RECOMMENDS</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	●		<p>As an element of its annual cycle the Audit Committee assesses whether or not an internal audit function should be established and, if relevant, formulates recommendations on selection.</p>
<p><b>3.4.6 THE COMMITTEE RECOMMENDS</b> that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>	●		<p>The functions and tasks of the Nomination Committee are determined in the Rules of the Procedure of the Committee, which are available on the corporate website.</p> <p>The composition of the Nomination Committee is described in the Rules of Procedure of the Board of Directors as well as the Rules of Procedure of the Nomination Committee and complies with the recommendation.</p>

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<p><b>3.4.7 THE COMMITTEE RECOMMENDS</b> that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>to recommend 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,</li> <li>make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure 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 about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</li> <li>recommend a remuneration policy applicable for the company in general.</li> </ul>	●		<p>The functions and tasks of the Remuneration Committee are determined in the Rules of the Procedure of the Committee, which are available on the corporate website.</p> <p>The composition of the Remuneration Committee is described in the Rules of Procedure of the Board of Directors as well as the Rules of Procedure of the Remuneration Committee and complies with the recommendation.</p>
<p><b>3.4.8 THE COMMITTEE RECOMMENDS</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	●		<p>The Remuneration Committee will ensure not using same external advisers as the Executive Board in case there is a need for the use of such advisers.</p>
<b>3.5 Evaluation of the performance of the board of directors and the executive board</b>			
<p><b>3.5.1 THE COMMITTEE RECOMMENDS</b> that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	●		<p>The Chairman of the Board of Directors evaluates the work and performance of the Board of Directors and their co-operation with the Executive Board once a year. The evaluation is discussed by the entire Board of Directors as a permanent element of its annual cycle.</p>
<p><b>3.5.2 THE COMMITTEE RECOMMENDS</b> that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	●		<p>In accordance with the Articles of Association DSV is managed by a Board of Directors consisting of five to nine members elected by the general meeting. At present, the Board has six members with different skills, which is deemed suitable for an efficient and active debate. The Board assesses the appropriateness of the number of members of the Board of Directors once a year in connection with its recommendation to the annual general meeting.</p>
<p><b>3.5.3 THE COMMITTEE RECOMMENDS</b> that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.</p>	●		<p>The Chairman and the Deputy Chairman of the Board of Directors evaluate the work and performance of the Executive Board once a year. The evaluation of the Executive Board is discussed by the entire Board of Directors as a permanent element of its annual cycle.</p>
<p><b>3.5.4 THE COMMITTEE RECOMMENDS</b> 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.</p>	●		<p>The cooperation between the Board of Directors and the Executive Board is evaluated and coordinated on an ongoing basis, and the Chairman of the Board of Directors has a weekly consultation with the Chief Executive Officer.</p>

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
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## 4. Remuneration of management

### 4.1. Form and content of the remuneration policy

**4.1.1 THE COMMITTEE RECOMMENDS** that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including

- 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, and
- a description of the criteria on which the balance between the individual components of the remuneration is based.



The Board of Directors has adopted a remuneration policy, which is available on the corporate website. The remuneration policy is also disclosed in the Chairman's statement at the annual general meeting of the Company. The statement and the remuneration policy are subsequently approved by the general meeting.

The remuneration policy should be approved by the general meeting and published on the company's website.

**4.1.2 THE COMMITTEE RECOMMENDS** that, if the remuneration policy includes variable components,

- limits be set on the variable components of the total remuneration package,
- a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,
- there be clarity about performance criteria and measurability for award of variable components,
- there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and
- an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.



The Company's remuneration policy and the guidelines for incentive pay state the Company's use of variable remuneration components. These guidelines set the limits for the use of share option schemes and cash bonus payments as well as the vesting and exercise period for granted share options. In exceptional cases the company is able to reclaim in full or in part any variable components of the remuneration that have been paid on the basis of misstated data.

**4.1.3 THE COMMITTEE RECOMMENDS** that remuneration of members of the board of directors does not include share options.



Members of the Board of Directors do not receive share options as part of their remuneration schemes according to the corporate guidelines on incentive pay.

**4.1.4 THE COMMITTEE RECOMMENDS** that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.



The principles of the incentive programmes have been published on the corporate website. The share option schemes are rollover plans and are designed to further a long-term perspective. The vesting period is at least three years. The valuation is made according to generally accepted methods.

**4.1.5 THE COMMITTEE RECOMMENDS** that agreements on termination payments should not amount to more than two years' annual remuneration.



Severance pay to the Executive Board does not exceed two years' salary.

Recommendation	The company complies	The company does NOT comply	The company complies/does not comply with the recommendation due to the following reason:
<b>4.2 Disclosure of the remuneration policy</b>			
<p><b>4.2.1 THE COMMITTEE RECOMMENDS</b> 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.</p>	●		<p>The Company's remuneration policy and compliance with this policy are explained and justified in the Chairman's statement at the annual general meeting of the Company.</p>
<p><b>4.2.2 THE COMMITTEE RECOMMENDS</b> that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.</p>	●		<p>The proposed remuneration for the current financial year is approved at the annual general meeting of the Company.</p>
<p><b>4.2.3 THE COMMITTEE RECOMMENDS</b> that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.</p>	●		<p>The total remuneration and possible severance payment of each member of the Board of Directors and Executive Board is disclosed in the annual report as well as the consistency of remuneration with the remuneration policy disclosed.</p>
<b>5. Financial reporting, risk management and audits</b>			
<b>5.1. Identification of risks and transparency about other relevant information</b>			
<p><b>5.1.1 THE COMMITTEE RECOMMENDS</b> that the board of directors in the management commentary review and 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.</p>	●		<p>The identification and assessment of important business risks and risk related to the preparation of the annual report as well as risk management are part of the regular, annual tasks of the Board of Directors. The risks and the management of such are disclosed in the Annual Report.</p>
<b>5.2. Whistleblower scheme</b>			
<p><b>5.2.1 THE COMMITTEE RECOMMENDS</b> that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	●		<p>Based on the recommendation of the Audit Committee, the Board of Directors has established a whistleblowing scheme. The purpose of the scheme is to enable the employees of the group to confidentially report any possible or suspected wrongdoing.</p>
<b>5.3. Contact to auditor</b>			
<p><b>5.3.1 THE COMMITTEE RECOMMENDS</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.</p>	●		<p>The Company's auditor attends certain Board of Directors meetings and has regular meetings throughout the year with the Audit Committee without the Executive Board present. The Audit Committee briefs the Board of Directors about those meetings. If deemed necessary by the Audit Committee, meetings will be held between the entire Board of Directors and the Company's auditor without the Executive Board present.</p>
<p><b>5.3.2 THE COMMITTEE RECOMMENDS</b> that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.</p>	●		<p>Auditor agreements and auditor's fees will be agreed based on the recommendation of the Audit Committee.</p>



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