

# Remuneration Policy

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## **1 Introduction**

The principles of the DSV Remuneration Policy contribute to achieving the strategic objectives at any time for the DSV Group by always reflecting the goal of being able to attract and retain competent members of the Board of Directors and the Executive Board, thereby continuously creating long-term value for the DSV shareholders. This is done, for example, by offering competitive remuneration based on the strategic developments as well as the financial and share price performance.

The DSV Remuneration Policy sets out the guidelines for the remuneration of the Board of Directors and the Executive Board of DSV and is prepared in line with the recommendations published by the Committee on Corporate Governance and implemented by Nasdaq Copenhagen A/S. Executive Board means the executive officers of the management board of DSV, registered as such with the Danish Business Authority.

Furthermore, according to article 139 of the Danish Companies Act, the Board of Directors of a listed company must lay down general guidelines for incentive pay offered to the Executive Board and the Board of Directors before concluding any agreement on incentive pay with a member of the Executive Board or the Board of Directors. The general guidelines are subject to consideration and approval by the Company's general meeting and publication on the corporate website at least one day before the Company concludes a specific agreement on incentive pay with the persons in question. The DSV Remuneration Policy comprises these guidelines and cover both the Board of Directors, the Executive Board and other employees of the DSV Group.

Although this policy governs the remuneration principles of DSV, the Board of Directors may in exceptional circumstances decide to deviate from the Remuneration Policy on an individual basis. In that case, the Board of Directors is obliged to explain the reason for the deviation at the following annual general meeting, provided that such disclosure is not made to the detriment of the company's interests.

## **2 Remuneration of members of the Board of Directors**

### **2.1 Background**

The basic fee paid to members of the Board of Directors is determined on the basis of the required skills and efforts of the Board members in light of the complexity of the Company, the scope of their work and the number of Board meetings. The fee is assessed once a year relative to the current market level for similar groups of companies.

### **2.2 Fees**

Members of the Board of Directors receive a fixed fee and are not comprised by any type of incentive or performance-related remuneration schemes. Board members may also be remunerated for work performed on an ad hoc basis.

Each Board member is entitled to a basic fee. In addition, Board members receive a fee for each additional Board position as outlined below:

Chairman of the Board of Directors	2 x basic fee
Deputy Chairman of the Board of Directors	½ x basic fee
Chairman of the Audit Committee	1 x basic fee
Member of the Audit Committee	½ x basic fee
Chairman of the Nomination Committee	½ x basic fee
Member of the Nomination Committee	¼ x basic fee
Chairman of Remuneration Committee	½ x basic fee
Member of the Remuneration Committee	¼ x basic fee

In addition, members of the Board of Directors are entitled to a free telephone and compensation for other work-related costs, such as travel expenses.

### **3 Remuneration of members of the Executive Board**

#### **3.1 Background**

Members of the Executive Board are employed on individual employment contracts and their overall remuneration package is composed in accordance with market practice and the specific requirements of the organisation. The remuneration of the Executive Board consists of a fixed salary, pension contributions and incentive-based compensation.

The overall level of remuneration is determined based on market standards, taking into consideration the size of the organisation and its complexity, the number of employees, the performance, etc.

Once a year, the Chairman of the Board of Directors assesses and adjusts the remuneration of Executive Board members on the basis of recommendations from the Remuneration Committee. The annual assessment of the remuneration of the Executive Board is made by evaluating the individual member's performance in the past year and the outlook for the coming year. The Chairman of the Board of Directors subsequently informs the other Board members about the outcome of the assessment and adjustment.

#### **3.2 Fixed salary**

Members of the Executive Board receive a fixed salary, which is adjusted annually.

Besides the fixed salary, members of the Executive Board also receive pension contributions in line with the Company's ordinary pension scheme for Danish employees. Furthermore, the Executive Board participates in an annual savings programme, where they save part of their yearly compensation for future payment as a final pay programme.

#### **3.3 Incentive-based compensation**

The incentive-based compensation received by members of the Executive Board consists of long-term incentive compensation aligning management and long-term shareholder interests in accordance with the guidelines described in the following sections of the DSV Remuneration Policy.

As an element of the Company's share option scheme, Executive Board members annually receive a number of share options, corresponding to a maximum of 10% of the share options issued. The share option scheme constitutes the long-term part of the incentive-based compensation.

Share options granted are valued according to the Black & Scholes model. Share options are always granted at an exercise price equal to or higher than the market price at the grant date and with a vesting period of at least three years.

The total value of share options according to the Black & Scholes model granted by members of the Executive Board must never exceed 200% of their fixed salary.

### **3.4 Short-term bonus**

In exceptional circumstances, as determined at the discretion of the Board of Directors, members of the Executive Board may be offered a separate bonus of up to 50% of their basic annual remuneration.

In case this is decided by the Board of Directors, sufficient disclosure must be made in the Annual Report about the reason for the bonus.

### **3.5 Other benefits**

Moreover, Executive Board members are entitled to a company car and a free telephone corresponding to their position in the organisation.

### **3.6 Severance terms**

According to the Company's severance terms, Executive Board members receive up to 24 months' severance payment. The notice period for members of the Executive Board is up to 18 months on the part of the Company and three months on the part of the Executive Board member.

### **3.7 "Clawback"**

In the event that the Company, in the past two years, has paid incentive-based compensation on the basis of information that proves to be incorrect, the Company may reclaim, in full or in part, the last two years' incentive-based compensation paid as either cash bonuses and/or granted share options.

It is a prerequisite for reclaiming such amounts that the amounts were granted on the basis of information, resulting in either a stock-exchange announcement or a significant, negative correction in the price of the Company's shares, and that the Executive Board did know or should have known about the circumstances.

## **4 Incentive pay**

### **4.1 General principles**

The guidelines relate to share-based (share options) incentive pay for members of the Executive Board and the Board of Directors of DSV A/S as well as employees of the DSV Group. The purpose of the incentive scheme is to attract and retain the best possible Executive Board members and employees.

Share-based incentive pay is designed to align the interests of the Executive Board with those of the DSV shareholders and to create long-term value.

The Board of Directors is authorised to grant share options to the Executive Board as an incentive. Subject to the authorisation of the Board of Directors, the Executive Board may grant share options to employees of the Group.

The Board of Directors does not receive any incentive pay in their capacity as Board members, whether as share options or bonuses.

Decisions regarding the launch of a share option programme and grant of share options to the Executive Board must be made by the Chairmanship of the Board of Directors (the Chairman and the Deputy Chairman) on behalf of the entire Board.

#### **4.2 Grant of share options**

When granted share options, members of the Executive Board and other employees are awarded the right (1) to acquire or subscribe for a specific portion of shares in the Company, (2) at a specific time and (3) at a price fixed at the date of grant. Grants to other employees of the Group are based on an allocation of share options laid down by the Executive Board.

Such share option schemes may be based both on shares already issued (share purchase rights) and on shares subscribed for in connection with the exercise of the options (share subscription rights).

Shares granted under a share option scheme are procured from the treasury portfolio or are purchased in the market.

Any decision to grant share options to the Executive Board is made by the Chairmanship based on an assessment of the relevant member of the Executive Board contribution to long term shareholder value creation, financial performance of the Company and retention. The Chairmanship subsequently informs the remaining Board members about the outcome of the assessment and the outcome of the grant.

The Executive Board's grant of share options to other employees of the Group is subject to guidelines equivalent to those applicable to the Board of Directors' grant of share options to the Executive Board.

#### **4.3 Requirements and restrictions**

The power to grant options is subject to the following requirements and restrictions:

- A. The total number of granted share options in the DSV Group may not exceed 3,000,000 shares in any one year.
- B. The Executive Board may not, in any one year, receive more than a total of 10% of all share options granted to employees in any one year.
- C. Options must be granted at the average quoted market price for the last five business days preceding 31 March or (if not a business day), the first preceding business day.

- D. Share options granted vest on the third anniversary of the grant date. Share options may be exercised during an exercise period of up to two years.
- E. No options may be granted to members of the Board of Directors.

## **5 Approval**

This Remuneration Policy was adopted by the Company's Board of Directors on 6 February 2019 and by the Annual General Meeting of the Company on 15 March 2019.