

Remuneration Report 2021



DSV

Global Transport and Logistics

Remuneration 2021

Introduction

This Report provides a summary of the remuneration of the Board of Directors and Executive Board of DSV A/S for 2021. Remuneration to the Board of Directors and Executive Board for the year has been awarded in accordance with the DSV Remuneration Policy.

Remuneration objectives

The overall intentions of the Remuneration Policy are twofold, focusing partly on attracting and retaining qualified members of the Board of Directors and Executive Board and partly on aligning the interests of the Executive Board with those of the shareholders, with the end goal of creating long-term shareholder value.

To achieve these objectives, competitive remuneration packages are offered to the Board of Directors and Executive Board taking into account the strategic development and positioning of the Company compared to our peers as well as the actual financial and share price performance realized.

Performance of the company

In 2021, DSV delivered an all-time high financial performance, ending the year with an EBIT result of DKK 16,223 million (2020: DKK 9,520 million) and a share price of DKK 1,527.5 (2020: 1,020).

This achievement was a result of successful change management, completing the integration and fully utilizing on the synergies of the 2019 Panalpina acquisition. The year however also brought challenges, mainly in the form of a distorted global logistics markets brought by the Covid-19 pandemic. However, a strong managerial focus on cost, adaption to the changing market conditions and engaging in the business opportunities

materialising as a result of the pandemic, contributed significantly to the positive results achieved.

Adding to these achievements, in August 2021 DSV acquired the Global Integrated Logistics business of Agility Public Warehousing Company in a DKK 29 billion business acquisition repositioning DSV as the world's third largest logistics provider.

Overall development in management remuneration

Total remuneration of the Board of Directors and Executive Board increased by 3.7% and 16.5% respectively in 2021 in line with the DSV Remuneration Policy. The development was a direct result of the expansion of both Boards with additional members, and for the Executive Board the technical valuation of share options granted which had a moderately higher Black-Scholes value in 2021 compared to last year. No adjustment of fixed fee or salary was made for the Boards in 2021 in line with COVID-19 cost saving initiatives initiated for the Group.

Remuneration policy

The latest Remuneration Policy as adopted at the Extraordinary General Meeting held on 8 September 2021 is available on the DSV corporate website at: <https://www.dsv.com/en/remuneration-policy>.

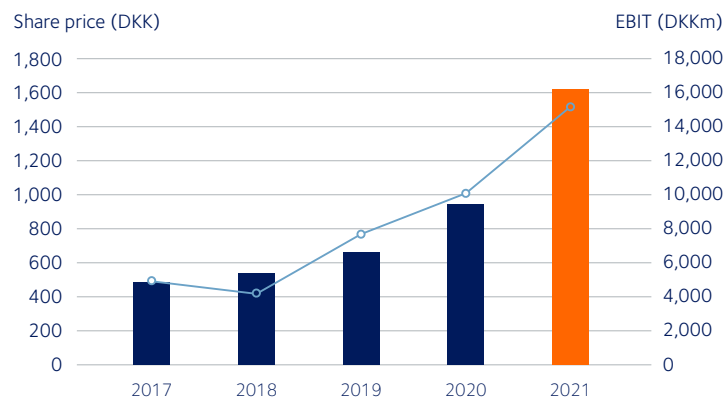
Since adoption, the Policy has been applied consistently throughout the year. No amendments to the Policy have been suggested for the Annual General Meeting 2022.

Basis of preparation

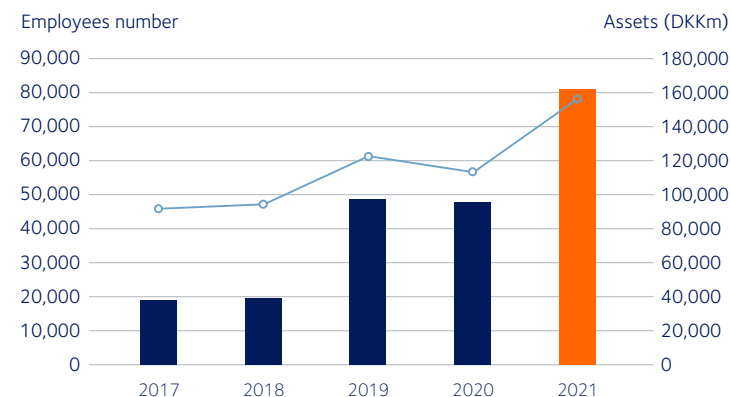
This Remuneration Report has been prepared in accordance with the Danish Companies Act and the latest Recommendations on Corporate Governance of 2 December 2020 by the Danish Committee on Corporate Governance.

Las year's 2020 Remuneration Report was presented and approved without any reservations at the DSV Annual General Meeting on 15 March 2021.

Value creation



Growing the business



Board of Directors

Basis of remuneration

Board and Committee fees

Members of the Board of Directors are remunerated for services rendered as Chairman, Deputy Chairman or Member of the Board and the Audit, Remuneration or Nomination Committee.

Remuneration of each member is based on Board and Committee positions held, as illustrated in the following table:

(DKKt)	Chairman	Deputy Chairman	Member
Board	1,500	750	500
Committees:			
– Audit	500	n.a.	250
– Nomination	250	n.a.	125
– Remuneration	250	n.a.	125

Fees for the individual Board and Committee positions are determined in accordance with the DSV Remuneration Policy by applying a varying multiplier of a base fee of DKK 500 thousand (2020: DKK 500 thousand). The multiplier takes into consideration the work and responsibilities associated with each position.

The base fee is assessed on a yearly basis to ensure that remuneration of the Board of Directors is on par with other corporations of similar size

Board composition

	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
Thomas Plenborg	Chairman	Member	Chairman	Chairman
Jørgen Møller	Deputy Chairman	–	Member	Member
Annette Sadolin	Member	Chairman	–	–
Birgit W. Nørgaard	Member	–	Member	–
Marie-Louise Aamund	Member	Member	–	–
Beat R. Walti	Member	–	–	Member
Niels Smedegaard	Member	Member	–	–
Tarek Abdulaziz Sultan Al-Essa	Member	–	–	–

and complexity. The assessment is addressed by the Remuneration Committee based on publicly available peer group remuneration analyses.

Any changes to the base fee or multiplier must be approved by the Annual General Meeting.

Other remuneration

In addition to the ordinary Board and Committee fees, members may be remunerated for ad-hoc tasks carried out outside the scope of their normal Board and Committees work.

Remuneration of members does not include incentives such as cash bonuses or share-based payment in any form.

Remuneration 2021

Total remuneration of the Board of Directors amounted to DKK 7,157 thousand in 2021 (2020: DKK 6,904 thousand), an increase of 3.7% compared to last year.

The increase was caused by additional member fees as the Board has been expanded from seven to eight members in September 2021 following the acquisition of Global Integrated Logistics.

The base fee was last adjusted in 2020.

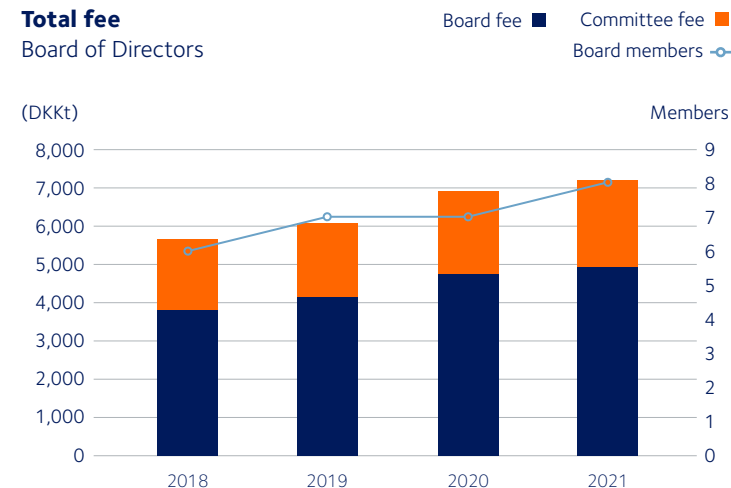
No members have been remunerated for additional ad-hoc tasks performed in 2021.

4-year remuneration overview

Detailed 4-year overview of remuneration components for current and former members of the Board is presented in the Appendix, page 7.

Total fee

Board of Directors



Executive Board



Basis of remuneration

The Executive Board comprises CEO Jens Bjørn Andersen, COO Jens H. Lund and CFO Michael Ebbe. Remuneration for Michael Ebbe in this Report only covers two months as he joined the Board on 26 October 2021.

Remuneration of the Executive Board is based on a combination of fixed and variable elements composed to support the short as well as long-term retention of executive members by ensuring that the remuneration made reflects the size and complexity of the DSV business, thereby retaining a remuneration level on par with industry peers.

Publicly available peer group remuneration analyses are applied in making this assessment including considerations on the general development in the societal salary index.

Fixed remuneration

Salary

Salary paid to members of the Executive Board is based on individual employment contracts negotiated with the Chairman of the Board of Directors, or by the CEO in respect of the CFO.

Pension

Pension paid to members of the Executive Board is based on individual employment contracts negotiated with the Chairman of the Board of Directors and is an integral part of the base salary package. Pension contributions are in line with the Company's ordinary pension scheme for Danish employees.

Other benefits

In addition to base salary, members of the Executive Board are entitled to a company car or a cash compensation equivalent to the value of a company car as well as other minor benefits.

Variable remuneration

Cash bonus

As of the latest Remuneration Policy adopted at the Extraordinary General Meeting in September 2021, cash bonuses are no longer available as a variable remuneration option to members of the Executive Board.

Share options

Share options granted to members of the Executive Board are awarded once every year based on recommendations by the Remuneration Committee and approval by the Chairman of the Board of Directors.

The intention of the share options grant is to provide a long-term incentive for growing the business and improving the financial performance of the Company and to align the interests of the Executive Board with that of the Company's shareholders and other relevant stakeholders.

Following the Remuneration Policy adopted at the Annual General Meeting in March 2020 and later updated at the extraordinary General Meeting in September 2021, share options granted in 2021 and up for grant in 2022 are awarded using a composite grant model consisting of both fixed and variable grant elements.

The update made in September 2021 implied that ESG performance targets are now included as evaluation criteria. The variable grant element implies that additional options can be awarded (or subtracted) from a fixed grant baseline depending on whether certain performance conditions have been met as determined by the Board of Directors.

Performance conditions on share options up for grant in 2022 based on performance in 2021 include as follows:

- EBIT performance target for the DSV Group,
- DSV share price performance target compared to a peer group share index (Kuehne+Nagel, Expeditors International), and
- ESG performance targets.

Depending on achievement of the performance conditions set, share options up for grant in 2022 based on 2021 performance may result as follows:

Variable grant scenarios	Jens Bjørn Andersen		Jens H. Lund	
	Number	Value Black-Scholes (DKKm)*	Number	Value Black-Scholes (DKKm)*
High	90,750	8.5	66,000	6.2
Baseline	82,500	7.7	60,000	5.6
Low	74,250	6.9	54,000	5.1

*Based on Black-Scholes value of the 2021 DSV Share Options grant determined in March 2021.

Application of the variable grant element is intended to provide further incentives for the Executive Board to create shareholder value, while at the same time achieving on a number of ESG related targets considered material in context of the DSV business.

As described on page 6 share options awarded have been downscaled compared to earlier years in both numbers and by implementing an out-of-the money mechanism, as also reflected in the previous table.

Share options granted are equity settled and entail a three-year vesting period from the date of grant during which the entitled members must perform in accordance with their employment contracts. No other performance condition applies.

Share options granted to the Executive Board cannot exceed 10% of the total number of options granted under the yearly DSV share options scheme. Similarly, the Black-Scholes value of the share options granted at the date of grant cannot exceed 150% of the individual member's yearly fixed salary.

Claw back

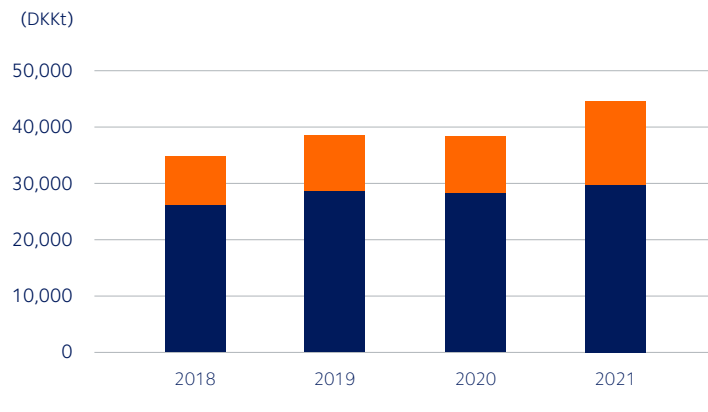
In the event that any member of the Executive Board has received incentive-based variable remuneration within the past two years in the form of cash bonuses paid or share options granted based on information that turns out to be incorrect, the Company may reclaim such payments in part or in full for a period of up to two years.

Severance terms

Members of the Executive Board are subject to a termination notice period of up to 24 months. Members are not entitled to termination severance payments in addition to their contractual notice period.

Total remuneration

Executive board



Remuneration 2021

In 2021 total remuneration of the Executive Board amounted to DKK 44.5 million (2020: DKK 38.2 million). Of the total remuneration, 67.0% was granted as fixed remuneration and 33.0% as variable remuneration – a fixed to variable ratio similar to last year.

Total remuneration was DKK 6.3 million higher than in 2020, implying a change in total remuneration of 16.5%, whereas the change in the average salary base of DSV A/S amounted to 10.7%. As addressed in the following, the development in remuneration of the Executive Board was a direct result of the valuation of share options granted in 2021 which at the date of grant had a moderately higher Black-Scholes value than in 2020 and the expansion of the Board with an additional member. As such, no adjustment in fixed salary has been made for the Executive Board in 2021.

The development in variable remuneration ties in with the increased shareholder value generated as a result of the Panalpina acquisition in 2019, the financial performance achieved by the core business during the Covid-19 pandemic and the acquisitional effect of acquiring Global Integrated Logistics, as addressed in the Financial Performance 2021 review section on page 2.

The value generated has been reflected both in share price and EBIT results, which have increased by 49.8% and 70.4%, respectively, since end of last year.

The overall remuneration of the Executive Board in 2021 ties in with the objectives of the Remuneration Policy, warranted by the shareholder value created and the positioning of the Company compared to our peers. Furthermore, the combination of a market conform remuneration including a competitive share options grant to each of the members of the Executive Board with a three-year retention period, ensures that the remuneration contributes to the long-term performance of the company.

Fixed remuneration

Salary and pension to the Executive Board in 2021 was unchanged from last year. The absence of any adjustment to the fixed remuneration in 2021 was a result of general COVID-19 cost saving initiatives initiated for the Group in 2020. Besides fixed salary and pension, some members received company car compensation, which has been included as a salary component.

Variable remuneration

A total of 156,750 share options were granted to the Executive Board in 2021, with the intention of creating a long-term retention and performance incentive.

Of the total options awarded 90,750 were granted to Jens Bjørn Andersen and 66,000 to Jens H. Lund. No options have been granted to Michael Ebbe since joining the Executive Board end of October 2021.

The share options were awarded in accordance with the Remuneration Policy adopted at the Annual General Meeting in 2020, based on individual negotiations with the Chairman of the Board of Directors and by applying a combination of fixed and variable grant elements – the latter dependent on the achievement of specific performance conditions set by the Board of Directors.

The performance conditions for the 2021 grant were based on the EBIT performance of the Group and the DSV share price performance compared to a peer group share index. All performance conditions were met for the 2021 grant.

Share options awarded were furthermore determined by accommodating for a general downscaling of the total DSV Share Options program granted in 2021 which has been reduced by 25% for all DSV employees on the program, including Executive Management as well as introducing an out-of-the money mechanism meaning that shares are first in-the-money after a certain increase in value have been achieved.

The total fair value of share options granted at the date of grant based on a Black-Scholes valuation amounted to DKK 14,7 million constituting 33,0% of the total remuneration of the Executive Board for the year.

The exercise price of share options granted amounts to DKK 1,325 and has been determined based on the average quoted market price of the DSV share for the last five trading days leading up to the date of grant at 31 March 2021, plus a strike premium of 11%.

The value of share options granted is within the threshold restrictions defined in the DSV Remuneration Policy.

Cash bonus

No cash bonuses were granted to any member of the Executive Board in 2021.

Claw back

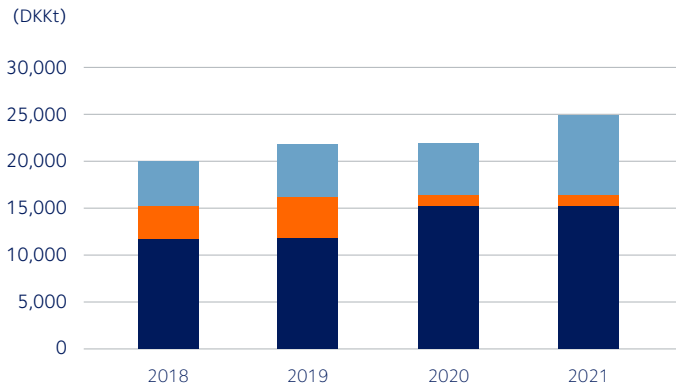
No claw backs on incentive-based variable remuneration was initiated in 2021.

4-year remuneration overview

Detailed 4-year overview of remuneration components of each individual member of the Executive Board is provided in the Appendix on page 8 and 9 to which is referred.

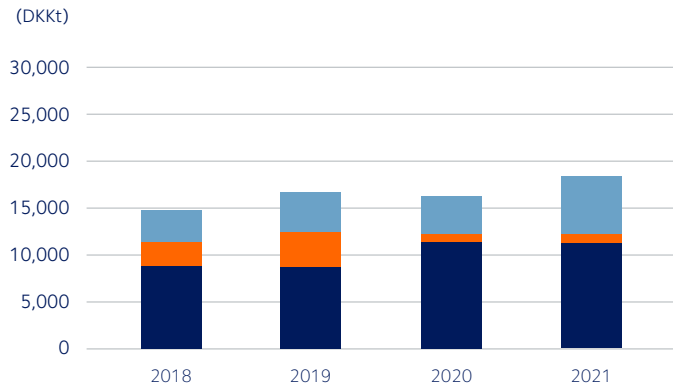
Total remuneration
CEO Jens Bjørn Andersen

Salary ■ Pension ■
Share-based payment ■



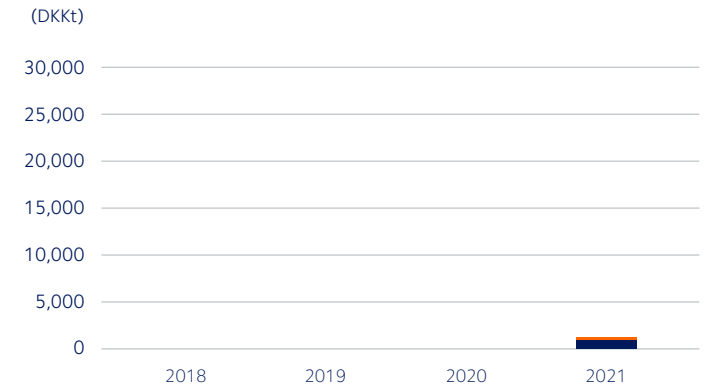
Total remuneration
COO Jens H. Lund

Salary ■ Pension ■
Share-based payment ■



Total remuneration (two months)
CFO Michael Ebbe

Salary ■ Pension ■
Share-based payment ■



Executive board — Remuneration components

The tables below provide a 4-year overview of remuneration components of the Executive Board:

Fees (DKKkM)	2021	2020	2019	2018
CEO - Jens Bjørn Andersen				
Salary	15.2	15.2	11.9	**11.9
Pension	1.2	1.2	4.3	3.3
Fixed remuneration	16.4	16.4	16.2	15.2
Share-based payments	8.5	5.6	5.7	4.8
Variable remuneration	8.5	5.6	5.7	4.8
Total remuneration	24.9	22.0	21.9	20.0
Share-based payments - vesting adjustment*	-1.8	-0.4	-1.1	-1.0
Total remuneration - Annual Report reconciliation	23.1	21.6	20.8	19.0
Fixed share of total remuneration	65.9%	74.5%	74.0%	76.0%
Variable share of total remuneration	34.1%	25.5%	26.0%	24.0%
Change in total remuneration	13.2%	0.5%	9.5%	9.9%
Change in average salary base (DSV A/S)	10.7%	3.2%	-1.3%	5.3%
CEO remuneration ratio (DSV A/S)	26.9	26.4	27.1	24.4
CFO - Michael Ebbe***				
Salary	1.1	-	-	-
Pension	0.1	-	-	-
Fixed remuneration	1.2	-	-	-
Share-based payments	-	-	-	-
Variable remuneration	-	-	-	-
Total remuneration	1.2	-	-	-
Share-based payments - vesting adjustment*	0.1	-	-	-
Total remuneration - Annual Report reconciliation	1.3	-	-	-
Fixed share of total remuneration	100%	-	-	-
Variable share of total remuneration	0.0%	-	-	-
Change in total remuneration	n.a.	-	-	-
Change in average salary base (DSV A/S)	10.7%	-	-	-
CFO remuneration ratio (DSV A/S)	1.3	-	-	-

Fees (DKKkM)	2021	2020	2019	2018
COO - Jens H. Lund				
Salary	11.3	11.3	8.8	**8.7
Pension	0.9	0.9	3.7	2.5
Fixed remuneration	12.2	12.2	12.5	11.2
Share-based payments	6.2	4.0	4.1	3.5
Variable remuneration	6.2	4.0	4.1	3.5
Total remuneration	18.4	16.2	16.6	14.7
Share-based payments - vesting adjustment*	-1.3	-0.2	-0.7	-0.8
Total remuneration - Annual Report reconciliation	17.1	16.0	15.9	13.9
Fixed share of total remuneration	66.3%	75.3%	75.3%	76.2%
Variable share of total remuneration	33.7%	24.7%	24.7%	23.8%
Change in total remuneration	13.6%	-2.4%	12.9%	8.9%
Change in average salary base (DSV A/S)	10.7%	3.2%	-1.3%	5.3%
COO remuneration ratio (DSV A/S)	19.9	19.4	20.5	17.9

* Difference between the Black-Scholes value of share options granted for the year and the Black-Scholes value of share options expensed over the three year vesting period as disclosed in the DSV Annual Report in accordance with IFRS 2.

** Included bonus-element in 2018 considered part of fixed salary.

*** Michael Ebbe joined the Executive Board as Group CFO on 26 October 2021.

Company performance	2021	Change	2020	Change	2019	Change	2018	Change
Shareprice (DKK)								
- DSV A/S	1,527.5	49.8%	1,020.0	32.8%	767.8	78.9%	429.2	-12.2%
EBIT before special items (DKKkM)								
- DSV Group	16,223	70.4%	9,520	43.1%	6,654	22.1%	5,450	11.7%
EBIT before special items (DKKkM)								
- DSV A/S	-84	31.3%	-64	-17.9%	-78	2.6%	-76	5.6%

Shares and share option held by members of the Boards of Directors and Executive Board

The tables below provide an overview of shares and share options held by the Board of Directors and Executive Board at 31 December 2021:

Share options held	Jens Bjørn Andersen	Jens H. Lund	Total	Exercise date
Holding at 31 December 2017	420,000	300,000	720,000	
Granted (2018 scheme)	110,000	80,000	190,000	
Exercised (2014 scheme)	-100,000	-70,000	-170,000	19 February 2018
Holding at 31 December 2018	430,000	310,000	740,000	
Granted (2019 scheme)	110,000	80,000	190,000	
Exercised (2015 scheme)	-100,000	-70,000	-170,000	3 May 2019
Holding at 31 December 2019	440,000	320,000	760,000	
Granted (2020 scheme)	110,000	80,000	190,000	
Exercised (2016 scheme)	-110,000	-80,000	-190,000	14 February 2020
Holding at 31 December 2020	440,000	320,000	760,000	
Granted (2021 scheme)	90,750	66,000	156,750	
Transferred*	-	-	36,000	
Exercised (2017 scheme)	-110,000	-80,000	-190,000	15 February 2021
Holding at 31 December 2021	420,750	306,000	762,750	

* Michael Ebbe joined the Executive Board on 26 October 2021. No share options have been granted to- or exercised by Michael Ebbe in his new position on the Board since joining. At 31 December 2021 Michael Ebbe held 36,000 share options granted as remuneration from a previous position held in the company.

Scheme overview	Jens Bjørn Andersen	Jens H. Lund	Michael Ebbe*	Total	Exercise price per option (DKK)
Share options scheme 2018 (exercisable)	110,000	80,000	-	190,000	477.5
Share options scheme 2019 (vesting)	110,000	80,000	12,000	202,000	545.0
Share options scheme 2020 (vesting)	110,000	80,000	12,000	202,000	560.0
Share options scheme 2021 (vesting)	90,750	66,000	12,000	168,750	1,325.0
Holding at 31 December 2021	420,750	306,000	36,000	762,750	-

Shares held	Shares held at 1 January 2021	Shares purchased	Shares sold	Shares held at 31 December 2021	Market value (DKK/m)
Jens Bjørn Andersen ¹	50,000	110,000	-110,000	50,000	76.4
Jens H. Lund ²	39,335	80,000	-80,000	38,935	59.5
Thomas Plenborg	5,099	-	-	5,099	7.8
Jørgen Møller	2,185	12	-	2,197	3.4
Annette Sadolin	9,503	-	-	9,503	14.5
Birgit W. Nørgaard	1,593	440	-	2,033	3.1
Marie-Louise Aamund	800	-	-	800	1.2
Beat Walti	741	59	-	800	1.2
Niels Smedegaard	1,490	-	-	1,490	2.3
Tarek Sultan Al-Essa	-	-	-	-	-
Total	110,746	190,511	-190,000	110,857	169.4

¹⁾ Of which 50,000 shares are held in a custody account in the name of a related party at 31 December 2021

²⁾ Of which 30,800 shares are held in a custody account in the name of a related party at 31 December 2021



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