



Global Transport and Logistics

STATUTORY REPORT ON

# CORPORATE GOVERNANCE

CF. SECTION 107B OF THE DANISH FINANCIAL STATEMENTS ACT





**This statutory report on corporate governance covers the period 1 January to 31 December 2018 and is made pursuant to section 107b of the Danish Financial Statements Act. The report is part of Management's commentary in the Annual Report for 2018.**

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 of the Recommendations on Corporate Governance.

The report is not covered by the auditors' report prepared in connection with the Annual Report for 2018.

# 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 furthermore 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. 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.

### COMPETENCIES OF THE BOARD

The composition of the Board of Directors is intended to ensure diversity of the Board's competency profile and that the Board is able to perform its duties effectively. Overboarding is also taken into consideration when considering the Board composition.

Current competencies required of and possessed by the Board are knowledge of the transport sector, international commercial experience and experience in strategy, M&A, risk management, IT, human resources and accounting.

In instances where specialised knowledge or

insight is required in supporting the work of the Board, services may be obtained from external advisors or specialists.

See page 37 in Annual Report 2018 for a description of the individual Directors' skills and experience.

### BOARD OF DIRECTORS SELF-EVALUATION

Once a year, the Board of Directors performs an overall self-evaluation, focusing on the results, composition and competencies of the Board. In this regard, diversity, overboarding, internal management cooperation, succession planning and focus areas for the coming year are also considered.

The Chairman of the Board is in charge of the self-evaluation process. When completed, the self-evaluation report is presented to and discussed by the Board.

The result of the self-evaluation conducted in 2018 did not give rise to any significant considerations and supports the current composition of the Board.

On this basis, the Board is considered to have the right competencies supporting the long-term value creation for our shareholders.

### 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 MEETINGS

The Board of Directors held eight ordinary and three extraordinary board meetings in 2018. The content of the meetings is 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, in 2018 the Board also focused on other adhoc tasks such as merger and acquisition proposals and updated Recommendations on Corporate Governance.

## 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;
- to monitor compliance with applicable legislation, standards and regulations;
- to monitor internal controls and risk management systems;
- to monitor auditor independence, including the level of non-audit



services, and reporting, and to facilitate the auditor selection process;

- to monitor potential cases from the whistle-blower system.

The Committee held three ordinary meetings and one extraordinary in 2018. Furthermore, the Committee maintains a close dialogue with relevant management levels during the year, both formal and informal. Besides the work laid down in the annual cycle, the adoption of new IFRS standards, with the main focus being on IFRS 16, various structural matters and other specific accounting matters were the focus areas of 2018.

The Rules of Procedure of the Audit Committee are available at [investor.dsv.com/policies.cfm](https://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 2018, mainly focusing on the composition of the Board of Directors besides the talent management, diversity and succession planning processes of DSV.

The Rules of Procedure of the Nomination Committee are available at [investor.dsv.com/policies.cfm](https://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 for 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 the Executive Board;
- to ensure preparation of the annual remuneration report.

The Committee held two meetings in 2018, focusing among other issues on the updated Recommendations on Corporate Governance in respect of remuneration recommendations and the implications of the European Union Shareholders Rights

Directive for the DSV remuneration policies and reporting.

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

## **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**

At DSV, the control environment is based on clear guidelines, a simple organisational structure, a 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 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 e.g. the Code of Conduct and the Rules of Procedure for the Board of Directors and for the Executive Board as well as other general policies governing the risk management of the Group. In addition, policies have been adopted and manuals created within essential fields of financial reporting: accounting and reporting manuals, finance, credit and authorisation policies, IT strategy and effective separation of functions. These policies and procedures are anchored in the Group's central control and compliance functions responsible for establishing these policies and procedures and for the relevant follow-up on the compliance with their contents.

The Audit Committee of the Board of Directors supports the strong control environment, by for example, as part of its annual tasks, making an assessment of the need for an internal audit function and in that connection formulating 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 the Executive Board regularly assess key risks and internal control systems in connection with the presentation of consolidated financial statements. This implies that the risk factors and the financial and management control systems relating to the 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 the internal procedures and controls. The items deemed to be the most material and risky are described in more detail in the Annual Report of the Group.

### **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 complied with 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 control system requirements 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 an effective separation of functions. The control systems comprise both manual and automated controls.

Further, various key IT control systems are applied. 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 local 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 the 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, financial conferences for the financial managers of the subsidiaries, the corporate intranet and dialogue with the individual local 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 in 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 reviews 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 whistle-blower programme. The system enables employees and external parties to anonymously report any material offences or suspicion of such and contributes to strengthening the monitoring of compliance with Group policies.

Information regarding the intended use of DSV's Whistle-blower Programme has been communicated to all subsidiaries and is available to all employees on the corporate intranet.



# RECOMMENDATIONS ON CORPORATE GOVERNANCE

The Recommendations issued by the Committee on Corporate Governance in November 2017 are actively used by the Board of Directors in its work, and the Board regularly assesses its procedures according to the Recommendations.

The updated Recommendations took effect on 1 January 2018 and, accordingly, were included in the Group's Corporate Governance work in the fiscal year 2018.

As a Danish company listed on Nasdaq Copenhagen under the "Rules for issuers of shares", DSV must provide a statement on how we address the Recommendations 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 one of the 47 recommendations. DSV derogates on recommendation 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 complied with
- The recommendation is partially complied with
- The recommendation is not complied with

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

**RECOMMENDATION****THE COMPANY  
COMPLIES****THE COMPANY  
DOES NOT  
COMPLY****THE COMPANY COMPLIES/DOES NOT COMPLY  
WITH THE RECOMMENDATION FOR THE  
FOLLOWING REASON:****1. Communication and interaction by the company with its investors and other stakeholders****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 relation to the company.



Ensuring an effective and ongoing dialogue with the Company's current and potential shareholders is a regular, annual task of the Board of Directors that is formalised in an information and communication policy included in the Rules of Procedure of the Board of Directors and a separate Investor Relations Policy available on the corporate website.

1.1.2 THE COMMITTEE RECOMMENDS that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board ensure 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. 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 corporate social responsibility. Ongoing efforts are made to improve DSV's policies relative to its stakeholders, including a yearly review and potential adjustment of DSV's tax policy.

1.1.3 THE COMMITTEE RECOMMENDS 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.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:****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 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.

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.



Proxy documents or votes by post to the Board of Directors of the Company are issued for the general meeting and entitle the shareholders to vote on each individual agenda item, which is described in detail in the notice convening the meeting.

**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.



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 such 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.



- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:****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 annually the board of directors consider the matters that should be included in the board's performance of its work.



The Rules of Procedure of the Board of Directors and the Executive Board define the roles and responsibilities 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 annually, the board of directors consider 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 which supports 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 explain this in the management commentary 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 Management's commentary in 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 reporting to the board of directors.



The Rules of Procedure of the Executive Board are reviewed and approved at least annually by the Board of Directors. The Rules of Procedure clearly define the required reporting of the Executive Board to the Board of Directors.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY DOES NOT COMPLY	THE COMPANY COMPLIES/DOES NOT COMPLY WITH THE RECOMMENDATION FOR THE FOLLOWING REASON:
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 evaluation of the composition of the Executive Board is a regular, annual task of the Board of Directors and forms part of the strategic management of the Company.
<b>2.2. CORPORATE SOCIAL RESPONSIBILITY</b>			
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 Responsibility Report and are available on the corporate website and are reviewed by the Board of Directors once a year as a minimum.
<b>2.3. CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS</b>			
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 of DSV has elected a Deputy Chairman. His role complies with the Recommendation and is otherwise described in the Rules of Procedure of the Board of Directors.
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 hereof should be publicly announced.	●		The Chairman of the Board of Directors or other board members may perform tasks for the Company in special cases, including participating in the day-to-day management. They 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 maintain responsibility for the overall management and control function, is entered into the records of proceedings. Any resolution requesting the Chairman or other board members to participate in the day-to-day management will be announced.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:****3. Composition and organisation of the board of directors****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 skills of each member.



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 website.



3.1.3. THE COMMITTEE RECOMMENDS that the selection and nomination of candidates for the board of directors be carried out through a careful 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.



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 and in Management's commentary. The composition of the Board of Directors and of the special skills possessed by its members is disclosed annually in Management's commentary in the Annual Report.

The Board of Directors discusses the Group's activities on a regular basis to ensure that the Group has optimal management teams at all management levels. The Board considers the issue of diversity, both in connection with new appointments and the evaluation of the composition of Management. DSV has adopted a policy on diversity which is available on the corporate website.

Each year, the Board of Directors assesses the process for selection and nomination of candidates for the Board of Directors. This assessment is one of the regular, annual tasks of the Board of Directors.



- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:**

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 the 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, whether candidates to the board of directors are considered independent.

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.

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.



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.

This recommendation will be considered if relevant.

According to the Articles of Association, members of the Board of Directors are up for re-election every year at the annual general meeting.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:****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 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 member of the board of directors for more than 12 years, or
- be a close relative of persons who are not considered independent.



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

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:**

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.

**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 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 assessment of other functions of members of the Board of Directors is one of the regular, annual tasks 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:



All recommended information is disclosed in the Annual Report.

- 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 of 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 recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY DOES NOT COMPLY	THE COMPANY COMPLIES/DOES NOT COMPLY WITH THE RECOMMENDATION FOR THE FOLLOWING REASON:
<ul style="list-style-type: none"> <li>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.</li> </ul> <p>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.</p>	●		As part of the annual evaluation procedure, the Board of Directors makes an evaluation of other executive functions and what is considered a reasonable number of such functions for each member of the Board of Directors.
<p><b>3.4. BOARD COMMITTEES</b></p> <p>3.4.1. THE COMMITTEE RECOMMENDS that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>The terms of reference of the board committees,</li> <li>the most important activities of the committees during the year, and the number of meetings held by each committee, and</li> <li>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.</li> </ul>	●		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 one of the regular annual tasks of the Board of Directors. The outcome of the assessment is disclosed in the Annual Report.
<p>3.4.2. THE COMMITTEE RECOMMENDS that a majority of the members of a board committee be independent.</p>		●	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 whom

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY DOES NOT COMPLY	THE COMPANY COMPLIES/DOES NOT COMPLY WITH THE RECOMMENDATION FOR THE FOLLOWING REASON:
<p>3.4.3. THE COMMITTEE RECOMMENDS that that the members of the board of directors set up among its members an audit committee and that a chairman of the committee is appointed who is not the chairman of the board of directors.</p>	●		<p>Kurt K. Larsen is not independent, and the Nomination Committee has four members of whom Kurt K. Larsen and Jørgen Møller are not independent.</p> <p>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 is to be composed of no more than two members. Hence, the Board has decided to derogate from the Recommendation on the independence of board members for these two committees.</p>
<p>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:</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 determined in the Rules of Procedure of that committee. The Rules of Procedure are available on the corporate website. The overall tasks of the Audit Committee are also described in the Management's commentary in the Annual Report.</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>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>

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

**RECOMMENDATION****THE COMPANY  
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DOES NOT  
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3.4.5. THE COMMITTEE RECOMMENDS that the audit committee:

- annually assesses the need for an internal audit function, and in such 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.



As an element of its annual cycle, the Audit Committee assesses whether or not an internal audit function should be established. If relevant, the Audit Committee formulates recommendations that ensure that a description of its functions is available and ensure the allocation of adequate resources and competences.

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, including the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience of 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,



The functions and tasks of the Nomination Committee are determined in the Rules of Procedure of that committee. The Rules of Procedure are available on the corporate website. The overall tasks of the Nomination Committee are also described in the Management's commentary in the Annual Report.

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.



- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY DOES NOT COMPLY	THE COMPANY COMPLIES/DOES NOT COMPLY WITH THE RECOMMENDATION FOR THE FOLLOWING REASON:
<ul style="list-style-type: none"> <li>recommending candidates for the board of directors and the executive board, and</li> <li>proposing 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>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:</p> <ul style="list-style-type: none"> <li>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,</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 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 about the total remuneration that members of the board of directors and the executive board receive from other companies in the group,</li> <li>recommending a remuneration policy applicable for the company in general, and</li> <li>assisting with the preparation of the annual remuneration report</li> </ul> <p>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.</p>	<p>●</p> <p>●</p>		<p>The functions and tasks of the Remuneration Committee are determined in the Rules of Procedure of that committee. The Rules of Procedure are available on the corporate website. The overall tasks of the Remuneration Committee are also described in the Management's commentary in the Annual Report.</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>The Remuneration Committee makes sure not to use the same external advisers as the Executive Board in case there is a need for the use of such advisers.</p>

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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FOLLOWING REASON:****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 establishes 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:

- Contributions 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 election to the board of directors.

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 predefined 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 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 in line with predefined criteria. The evaluation is discussed by the entire Board of Directors as a permanent element of its annual cycle.

The Chairman and the Deputy Chairman of the Board of Directors evaluate the work and performance of the Executive Board once a year reflecting on the structure and composition in light of the Company's strategy. The evaluation of the Executive Board is discussed by the entire Board of Directors as a permanent element of its annual cycle.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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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 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.

**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 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 published on the company's website.



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 recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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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 composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long terms,
- clarity be established about performance criteria and measurability for the award of variable components,
- it is ensured that variable remuneration not only consists of short term remuneration components, and that the long-term remuneration components must have a vesting or maturity period of at least three years, and
- it be ensured that the company has 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.

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

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 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. According to the remuneration policy, the company is able to reclaim in full or in part any variable components of the remuneration paid on the basis of misstated data in exceptional cases.

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.

The principles of the incentive programmes are available 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.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY DOES NOT COMPLY	THE COMPANY COMPLIES/DOES NOT COMPLY WITH THE RECOMMENDATION FOR THE FOLLOWING REASON:
<p>4.1.5. THE COMMITTEE RECOMMENDS that the total value of remuneration during the notice period, including severance pay, does not exceed two years of remuneration, including all components of remuneration.</p>	●		The severance pay to the Executive Board does not exceed two years' salary during the notice period.
<p><b>4.2. DISCLOSURE OF THE REMUNERATION POLICY</b></p>			
<p>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.</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>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.</p>	●		The proposed remuneration for the current financial year is approved at the annual general meeting of the Company.
<p>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 associates for the last three years, including information on the most important content of retention and resignation arrangements and the correlation between the remuneration and company strategy and relevant related goal be explained. The remuneration report should be published on the company website.</p>	●		All recommended information is disclosed in the Annual Report or separate reporting on the corporate website.

- The recommendation is complied with
- The recommendation is partially complied with
- The recommendation is not complied with

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DOES NOT  
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WITH THE RECOMMENDATION FOR THE  
FOLLOWING REASON:****5. Financial reporting, risk management and audits****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.



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.

**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.



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 as well as external parties to confidentially report any possible or suspected wrongdoing.

**5.2. WHISTLEBLOWER SCHEME**

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 Company's auditor attends certain meetings of the Board of Directors and has regular meetings throughout the year with the Audit Committee without the participation of the Executive Board. 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 participation of the Executive Board.

5.3.2. THE COMMITTEE RECOMMENDS that the audit agreement and auditors' fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.



Auditor agreements and audit fees will be agreed based on the recommendation of the Audit Committee.