



Global Transport and Logistics

# DSV PANALPINA A/S REMUNERATION REPORT

# 2019





# INTRODUCTION

**This Remuneration Report is presented in accordance with the Recommendations on Corporate Governance, including further selected information in accordance with section 139b of the Danish Companies Act. The report provides information about the total remuneration granted to each member of the Board of Directors and the Executive Board of the DSV Panalpina Group for the last three financial years.**

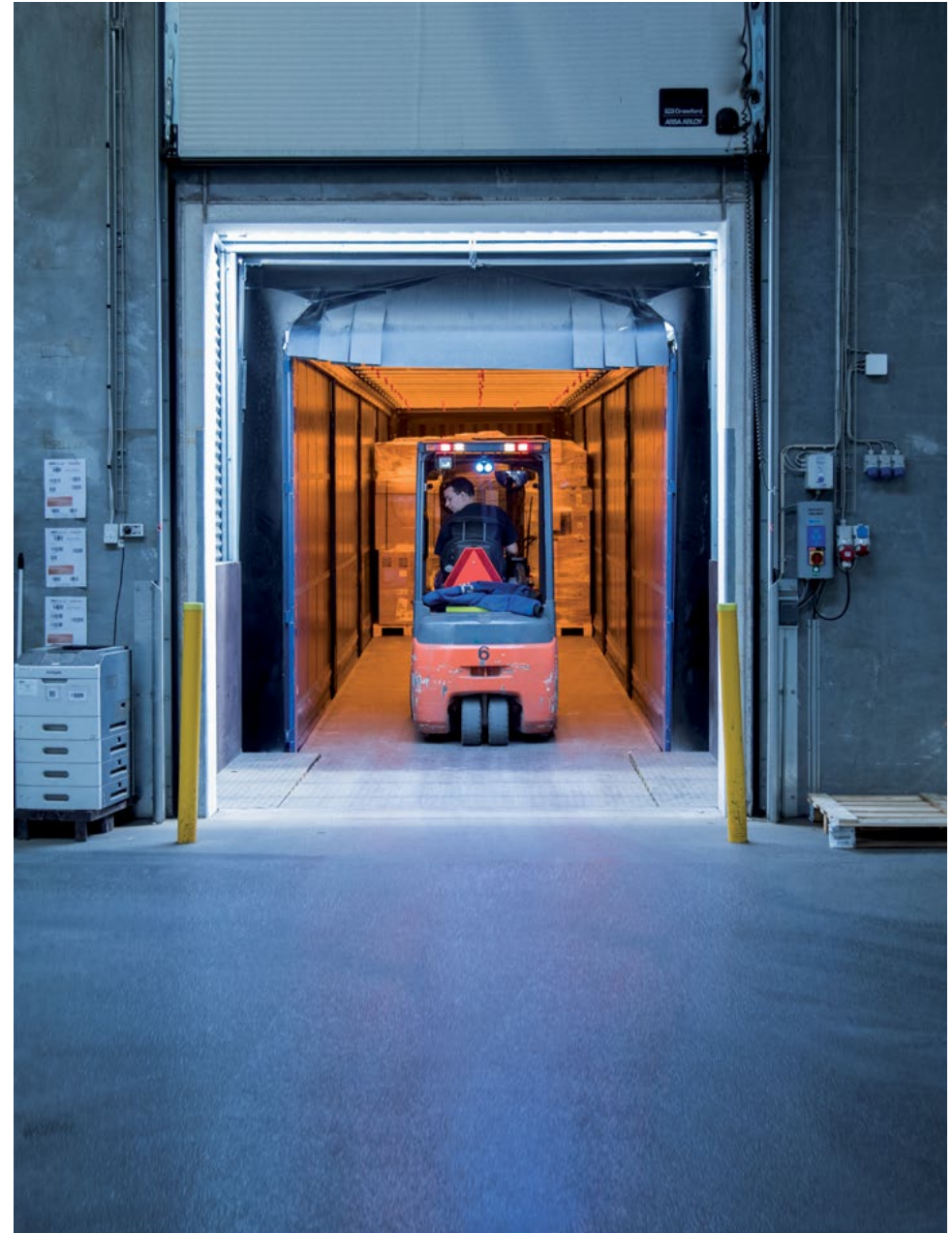
Furthermore, the report describes the correlation between the remuneration paid, our remuneration policy, developments in the Company and our strategic goals.

The remuneration paid during the financial year 2019 follows the Remuneration Policy approved at the Annual General Meeting on 15 March 2019.

The current DSV Panalpina Remuneration Policy is available at [investor.dsv.com/policies.cfm](https://investor.dsv.com/policies.cfm).

## **UPDATE OF THE REMUNERATION POLICY**

The Remuneration Policy has been updated to reflect recent changes in the rules on management remuneration in Danish legislation. The regulation changes came with the implementation of the Shareholder Rights Directive in Danish law. Furthermore, the policy aims to simplify the remuneration structure, follow general trends in society and clarify the Company's principles in this area.



# BOARD OF DIRECTORS

## COMPONENTS

The components of the remuneration for the Board of Directors are described in the following.

### FEE

Fees to the Board of Directors consist of a standard fee and an additional fee determined by the board position and participation in Board committees.

Fees are fixed and assessed yearly. They are based on peer group remuneration surveys, ensuring that the remuneration of the Board of Directors is in line with the market. Any changes to Board fees are approved by the Annual General Meeting.

The standard fee amounted to DKK 450,000 for the financial year 2019.

### OTHER

The Board of Directors may also be remunerated for ad-hoc work.

The members of the Board of Directors are not comprised by any type of incentive- or performance-based remuneration schemes. The additional remuneration fees are composed as follows:

- CM: Board of Directors 2 x basic fee
- DC: Board of Directors ½ x basic fee
- CM: Audit Committee 1 x basic fee
- ME: Audit Committee ½ x basic fee
- CM: Nomination Committee ½ x basic fee
- ME: Nomination Committee ¼ x basic fee
- CM: Remuneration Committee ½ x basic fee
- ME: Remuneration Committee ¼ x basic fee

Board and committee positions are listed below:

## REMUNERATION

Below is listed an overview of the total remuneration for the Board of Directors for the last three financial years.

Fees to the Board of Directors increased in 2019 compared to 2018 due to an increase in the number of members of the Board. There are now seven Board members compared to six previously.

No Board member has received additional fees due to ad-hoc work.

MEMBERS	POSITION (CURRENT POSITIONS)				TOTAL REMUNERATION DKK ('000)		
	Board	Audit Committee	Nomination Committee	Remuneration Committee	2019	2018	2017
Thomas Plenborg	CM	ME	CM	CM	1,434	1,238	1,238
Jørgen Møller	DC		ME	ME	647	563	534
Kurt K. Larsen (resigned 2019)					1,519	2,028	2,028
Annette Sadolin	ME	CM			769	787	787
Birgit W. Nørgaard	ME		ME		563	563	563
Robert S. Kledal	ME		ME		525	450	450
Marie-Louise Aamund (elected 2019)	ME	ME			506	-	-
Beat R. Walti (elected 2019)	ME				113	-	-
<b>Total</b>					<b>6,076</b>	<b>5,629</b>	<b>5,600</b>

CM = Chairman

DC = Deputy Chairman

ME = Member

# EXECUTIVE BOARD

The components of the remuneration for the Executive Board are described in the following.

## SALARY

Salaries paid to the members of the Executive Board are based on individual contracts negotiated with the Chairman of the Board of Directors on behalf of the Board of Directors. Once a year salaries are adjusted based on individual performance taking into consideration the size of the organisation and its complexity and peer group remuneration surveys.

The surveys are carried out to ensure competitive remuneration of the Executive Board supporting long-term retention of the members.

## PENSIONS

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

## CASH BONUS SCHEMES

Cash bonuses can be granted in exceptional circumstances at the discretion of the Board of Directors. Cash bonus cannot exceed 50% of the annual salary.

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.

## SHARE OPTIONS SCHEMES

Share options constitute the long-term element of the Executive Board incentive scheme and cannot exceed 10% of the annual share options issued. Further, the total value of share options according to the Black & Scholes model must never exceed 200% of the fixed salary.

The grant of share options is determined once a year based on negotiations with the individual members of the Executive Board.

The purpose of the share option schemes is to provide a long-term performance incentive and to align the interests of the Executive Board and DSV Panalpina

shareholders in terms of increasing the value of the Company.

In the event that the Company within the past two years has paid incentive-based compensation based on information that can be proven incorrect, the Company may claw back, in full or in part, the last two years of incentive-based compensation paid as either cash bonuses and/or share options.

## OTHER BENEFITS

Members of the Executive Board are entitled to a company car or cash compensation equivalent to the value of a company car.

Furthermore, the Executive Board participate in an annual savings programme in which they save part of their yearly salary for future payment as a final pay programme.

## SEVERANCE TERMS

Members of the Executive Board have up to 24 months' notice.



## REMUNERATION

The remuneration of the members of the Executive Board amounted to DKKm 36.7 for the financial year 2019. The split between the remuneration components and the development in the total remuneration during the last three financial years is presented below.

The split between fixed and variable remuneration components was at a stable level in 2017 and 2018. In 2019, fixed

remuneration increased to 78% compared to 61% in 2018, which reflects the updated Remuneration Policy. Variable remuneration makes up 22% of the total remuneration and consists of share-based payment.

The total value of share-based payments accounts for 28% of the fixed remuneration which is below the threshold set out in the Remuneration Policy.

### EXECUTIVE BOARD (DKKm)

JENS BJØRN ANDERSEN	2019	2018	2017
Salary	11.9	8.4	8.2
Pension	4.3	3.3	2.4
<b>Total fixed remuneration</b>	<b>16.2</b>	<b>11.7</b>	<b>10.6</b>
Bonus	-	3.5	3.5
Share-based payment*	4.6	3.8	2.8
<b>Total variable remuneration</b>	<b>4.6</b>	<b>7.3</b>	<b>6.3</b>
<b>Total</b>	<b>20.8</b>	<b>19.0</b>	<b>16.9</b>
JENS H. LUND	2019	2018	2017
Salary	8.8	6.0	6.0
Pension	3.7	2.5	1.8
<b>Total fixed remuneration</b>	<b>12.5</b>	<b>8.5</b>	<b>7.8</b>
Bonus	-	2.7	2.7
Share-based payment*	3.4	2.7	2.0
<b>Total variable remuneration</b>	<b>3.4</b>	<b>5.4</b>	<b>4.7</b>
<b>Total</b>	<b>15.9</b>	<b>13.9</b>	<b>12.5</b>

\* The value of share-based payments is calculated in line with IFRS 2 using the Black-Scholes method. It represents the annual accounting cost of share options awarded in the current year and prior years on all non-vested equity-settled share option schemes. As a consequence, it does not represent the fair value of share options awarded or exercised in the current financial year.

### DEVELOPMENT IN REMUNERATION, EXECUTIVE BOARD

(DKKm)	2019	%*	2018	%*	2017
Total remuneration Executive Board	36.7	12%	32.9	12%	29.4
CEO: total remuneration	20.8	9%	19.0	12%	16.9
CFO: total remuneration	15.9	14%	13.9	11%	12.5
EBIT DSV Panalpina Group (consolidated)	6,654	22%	5,450	12%	4,878
CEO: Remuneration ratio DSV Panalpina A/S (parent)	15.1	17%	12.9	2%	12.6
CFO: Remuneration ratio DSV Panalpina A/S (parent)	11.5	22%	9.4	1%	9.3
Share price	767.8	79%	429.2	-12%	488.6

\*% = year-on-year development in percentage

The remuneration of the Executive Board increased by a total of 12% in 2019 reflecting an increase in pensions and share-based payments due to the financial results and high attention on strategic development. In the same period, DSV Panalpina's share price increased by 79%.

Overall, the remuneration package has increased by 25% during the last three years, while EBIT for the Group has increased by 36% and the share price by 144%. The table includes the remuneration ratio which expresses the ratio between

CEO/CFO remuneration and the average remuneration per employee in DSV Panalpina A/S. Over the last three years, the CEO and CFO ratio has increased by 20% and 24%, respectively.

In the same period, we saw a significant improvement in the Company's share price. The size and complexity of the Company has yet again increased due to the acquisition and integration of UTI and most recently Panalpina, which is reflected in the development of the company in the last couple of years.

## OUTSTANDING SHARE OPTIONS

Outstanding share options granted to the Executive Board are shown to the right. A member of the Board of Directors has previously received share options in the Director's former capacity as senior staff member at DSV Panalpina.

Options are 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, for which reason the average exercise price is listed below.

The Executive Board has been granted shares in 2019 based on an assessment of each member's contribution to the long-term shareholder value creation and the financial performance.

No claw back was effected in 2019.

SCHEME	Jens Bjørn Andersen	Jens H. Lund	Average exercise price per option (DKK)
2016	110	80	274.3
2017	110	80	357.0
2018	110	80	477.5
2019	110	80	545.0
<b>Outstanding at 31 December 2019</b>	<b>440</b>	<b>320</b>	<b>413.4</b>

OUTSTANDING SHARE OPTIONS	Board of Directors <sup>1</sup>	Jens Bjørn Andersen	Jens H. Lund	Total	Excercise date <sup>2</sup>
<b>Outstanding at 1 January 2017</b>	64,000	410,000	290,000	700,000	
Granted		110,000	80,000	190,000	
Exercised (2013 scheme)	(32,000)	(100,000)	(70,000)	(170,000)	14 February 2017
<b>Outstanding at 31 December 2017</b>	<b>32,000</b>	<b>420,000</b>	<b>300,000</b>	<b>720,000</b>	
<b>Outstanding at 1 January 2018</b>	32,000	420,000	300,000	720,000	
Granted		110,000	80,000	190,000	
Exercised (2014 scheme)	(32,000)	(100,000)	(70,000)	(170,000)	19 February 2018
<b>Outstanding at 31 December 2018</b>	<b>-</b>	<b>430,000</b>	<b>310,000</b>	<b>740,000</b>	
<b>Outstanding at 1 January 2019</b>		430,000	310,000	740,000	
Granted		110,000	80,000	190,000	
Exercised (2015 scheme)		(100,000)	(70,000)	(170,000)	3 May 2019
<b>Outstanding at 31 December 2019</b>	<b>-</b>	<b>440,000</b>	<b>320,000</b>	<b>760,000</b>	

1) Former member of the Board of Directors has exercised 31 October 2017 (2014 program) and 2 August 2018 (2015 program)

2) Exercise dates for the Executive Board

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