



Data insights into board and executive remuneration in Danish C25 Companies

2022

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1 Introduction

This data insights report is intended to provide you with a brief guide to the 2022 levels of board and executive remuneration in Danish C25 companies. However, it is important to note that the analysis is based on information disclosed in remuneration reports relating to financial periods ending between August and December 2022 and therefore the analyses do not always fully reflect the very latest approaches.

When using this report, we would strongly recommend that you consult with your advisers on the interpretation of the data and its relevance to your circumstances.

We have provided information on remuneration for companies included within the Danish C25 Index. In many markets, a clear correlation exists between executive remuneration and the size of a company, and this provides a useful starting point in the benchmarking process. However, there are some points to bear in mind:

- This analysis only covers companies included within the Danish C25 Index. You will need to consider whether a more specific comparator group would be more relevant for your company to benchmark against.
- You will need to make a judgement on how your company compares to this sample, considering any relevant factors (which might include, for example, company size, industry/sector, the degree of internationality, the complexity of the business and total shareholders returns — to name a few) in interpreting the data.
- You should be aware of the impact that volatility in financial markets can have on salary benchmarks. Changes in the market capitalisation of companies or sectors may mean that comparator groups can include companies that were substantially bigger or smaller this time last year and the salaries in place at these companies will reflect this. In volatile times, salary benchmarks must be viewed with caution.
- There may be very good reasons why the remuneration paid to an individual is outside the market range for a given position and it is important to assess the circumstances of each case. Positioning at the market median is not usually the correct starting point. In determining positioning, consideration should be given to all relevant factors, including internal relativities and the calibre and experience of the individual.

Remuneration committees will have their work cut out for them in 2023 in their annual cycles. The work includes reviewing existing remuneration practices against market practices, preparing scenarios for grants of variable executive pay, aligning with the shareholder experience, setting ESG metrics and targets in executive remuneration, and developing responses to shareholder feedback.

In 2023, remuneration committees will also need to balance their responses carefully to more complex and broader questions and dilemmas related to executive remuneration, engage more closely with the wider workforce and their investors, and provide clear communication and argumentation in the remuneration reports.

Deloitte continues to advise our clients as they build more resilient organisations addressing human capital and reward trends and developing executive remuneration design and implementation while ensuring transparent policies and reporting to shareholders and other key stakeholders.

We trust you will find this report helpful, and we would be very interested to hear your feedback. If you believe you need professional external advisory related to remuneration, you know where to find us.

Deloitte Denmark

May 2023

2 Content overview

This data report gives an overview of and insight into remuneration of CEOs, CFOs and members of board of directors of listed companies within the Danish C25 Index¹. At the end of March 2023, the Danish C25 companies comprised 24 companies, the names of which are listed in at the end of this report. These companies represent some of the largest listed and most traded Danish companies, or companies with a large presence in Denmark and which are listed in Denmark, from a wide range of industries, including consumer, energy, life sciences and financial services.

Out of the companies analysed, 21 had financial year-ends as of 31 December, while three companies (Ambu, Chr. Hansen and Coloplast) had financial year-ends of 31 August or 30 September. All companies had published their 2022 remuneration reports by the end of April 2023. Our report is therefore based on data from 24 companies (with 25 CEOs as GN Store Nord has two).

The analysis is based strictly on publicly available information obtained from remuneration reports and remuneration policies. Not all companies report their remuneration with the same level of detail and the same format.

All Danish C25 companies published a separate remuneration report as required by the Danish Companies Act for all listed companies for the third reporting year. Reporting practice for long-term incentive plan (LTI) numbers in the remuneration reports aligned for the Danish C25 companies in 2022. All most all companies disclosed 'granted pay' for their long-term incentive (LTI) plan in 'the single figure table' (linked to their remuneration policy). The basis for comparability of 'granted pay' has therefore improved over the past years. However, still our 2022 data analysis does not provide 100% comparability across the companies for LTI. We have used company reported numbers, adjusted for lapsed LTI adjustments, reversals of 'expensed pay' and set those vesting adjustment and reversals to zero. We have also annualised new CEO's and new CFO's pay to 12 months.

Disclaimer

The aim of this data report is to provide a high-level overview of executive and board remuneration in the Danish C25 companies. There may be very good reasons for a particular company to lie inside and outside of benchmarked ranges. This could be due to differences in company size, industry, market volatility or other company-specific factors. When using our report, we recommend that you consult your advisers on the interpretation of the data and their relevance to your circumstances.

This report does not constitute the provision of advice or service to any reader of this report, and hence Deloitte may not be named in a company's public documentation as having provided material assistance to the board of directors, remuneration committee or executive management based solely on the use of the information provided in this report.

¹ Nasdaq OMX Copenhagen C25 companies comprise 24 individual companies as of 31 March 2023 as A. P. Moller Maersk has two share classes listed in C25, all with primary listing in Copenhagen, incl. Nordea.

3 Key findings

Deloitte's data insights report for the Danish C25 companies shows the following data points for annual remuneration of CEOs, CFOs and Board of Directors for 2022:

C25 CEOs remuneration in 2022 – all medians

- Base salary was DKK 10.9m excluding pensions and other benefits
- Pensions and other benefits were 12% of base salary
- Actual bonus was 67%, target bonus was 50% and maximum bonus was 79% of base salary
- Actual long-term incentive (LTI) was 61%, target LTI was 63% and maximum LTI was 100% of base salary
- Total actual remuneration was DKK 23.0m

C25 CFOs remuneration in 2022 – all medians

- Base salary was DKK 5.6m excluding pensions and other benefits
- Pensions and other benefits were 8% of base salary
- Actual bonus was 58%, target bonus was 45% and maximum bonus was 75% of base salary
- Actual long-term incentive (LTI) was 58%, target LTI was 55% and maximum LTI was 100% of base salary
- Total actual remuneration was DKK 10.5m

C25 Board of Directors' remuneration in 2022 – all medians

- Board base pay was DKK 450k
- Board chair total pay was DKK 1,350k
- Audit committee member pay was DKK 185k and audit committee chair pay was DKK 385k
- Remuneration committee member pay was DKK 128k and remuneration committee chair pay was DKK 250k
- Nomination committee member pay was DKK 128k and remuneration committee chair pay was DKK 250k
- Other committee member pay was DKK 158k and other committee chair pay was DKK 314k
- Board chair multiple was 3.0x
- Deputy board chair multiple was 2.0x

Board remuneration foresights for 2023:

- In a separate analysis, we note that Danish C25 companies adjust their median board member base pay with inflation of approx. 3.2% on average over the last two years, and this is the only substantial change proposed for the 2023 AGM season.
- In 2023, we believe that boards should discuss to:
 - increase board base pay – as more time is spend in the boardroom on impacts of disruptive times and megatrends (like crisis, ESG, digital and cyber risks), as a result of benchmarking, need for international recruitments and as a result of inflation, as more meetings are held per year, and boards are becoming more active, responsible and competent
 - increase board chair multiple – as significantly more time is to be spend on impacts of disruptive times and megatrends, as a result of benchmarking, need for international recruitments, and due to future EU and global developments and defining 'sustainable leadership' with the CEO and beyond
 - increase audit committee chair and member multiple – as significantly more time is to be spend on ESG risk and reporting by law from 2024 onwards due to the tasks for the audit committees as mandated by the Corporate Sustainability Reporting Directive, cyber-resilience and internal controls, as a result of benchmarking and due to future EU and global developments
 - establish a sustainability/ESG board committee – as significantly more board work is required, additional committee fee to lead on sustainable transformations, as a result of benchmarking against leading practices (like A.P. Moller Maersk, Carlsberg and Nordea) and the need for ESG (and cyber risk) competences
 - be moderate – different companies are impacted differently and alignment with the workforce is important as costs of living increase for all

4 Companies included in the analysis - Nasdaq OMX Copenhagen C25

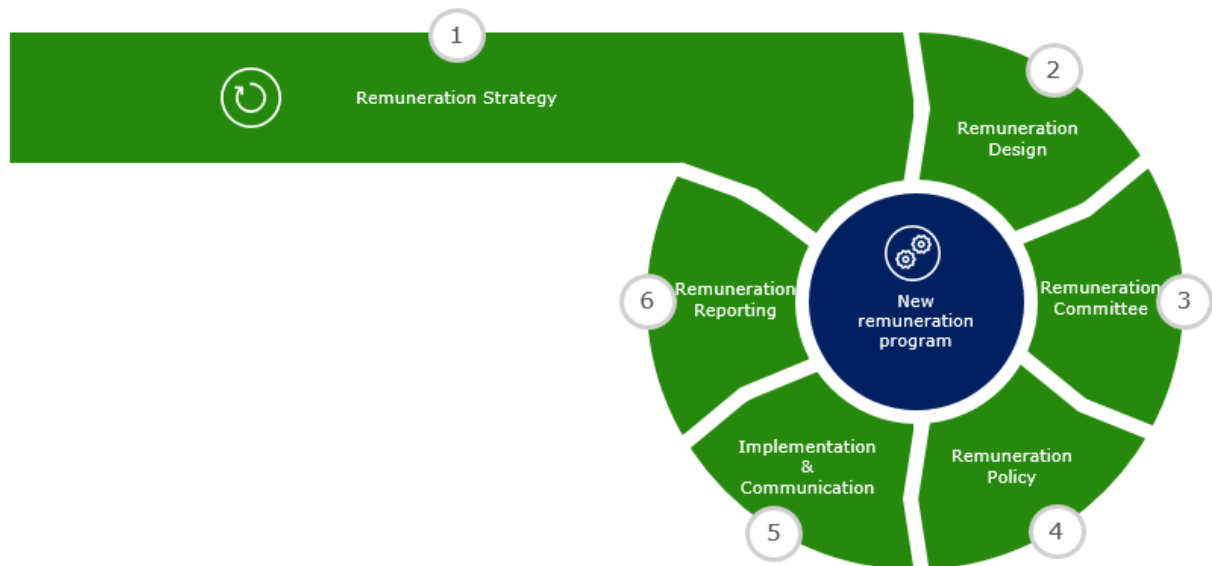
1. A.P. Moller - Maersk A/S
2. Ambu A/S
3. Bavarian Nordic A/S
4. Carlsberg A/S
5. Chr. Hansen Holding A/S
6. Coloplast A/S
7. Danske Bank A/S
8. Demant A/S
9. DSV A/S
10. FLSmidth & Co. A/S
11. Genmab A/S
12. GN Store Nord A/S
13. ISS A/S
14. Jyske Bank A/S
15. Netcompany Group A/S
16. Novo Nordisk A/S
17. Novozymes A/S
18. Nordea Bank Abp
19. Pandora A/S
20. Rockwool International A/S
21. Royal Unibrew A/S
22. Tryg A/S
23. Vestas Wind Systems A/S
24. Ørsted A/S

5 Our approach and how can Deloitte help?

Our approach

At Deloitte, we guide our clients on remuneration strategy, design, committee work, policy, implementation, communication and reporting. We cover all aspects of executive remuneration and share plans.

Our practice is built upon an integrated model, linking all the areas to the right, often fragmented across many staff-functions in the companies that wish to implement incentives programmes.



Areas of expertise

We provide advice on all areas, including implementation, investor relations, accounting, legal and tax issues and specific areas such as:

- Committee chair advisory
- Committee establishment, compliance, development and leading practices, including trends and benchmarking
- Remuneration Committee Labs
- Board and executive remuneration trends
- Board and executive remuneration benchmarking
- New incentive share schemes
- Remuneration policy
- Remuneration reporting
- Target-setting for performance measures, including ESG metrics
- Modelling total shareholders return (TSR)
- Oversight over performance management processes
- Committee effectiveness reviews
- Charter and annual work plan

Team competencies

Our experienced team includes specialists within human capital, performance management, remuneration and share plan structuring, tax, valuation and accounting specialists, actuaries and lawyers.

Our total rewards practice in the Nordics

Our well-established practice has been advising companies on executive and wider all-employee remuneration for over 25 years.

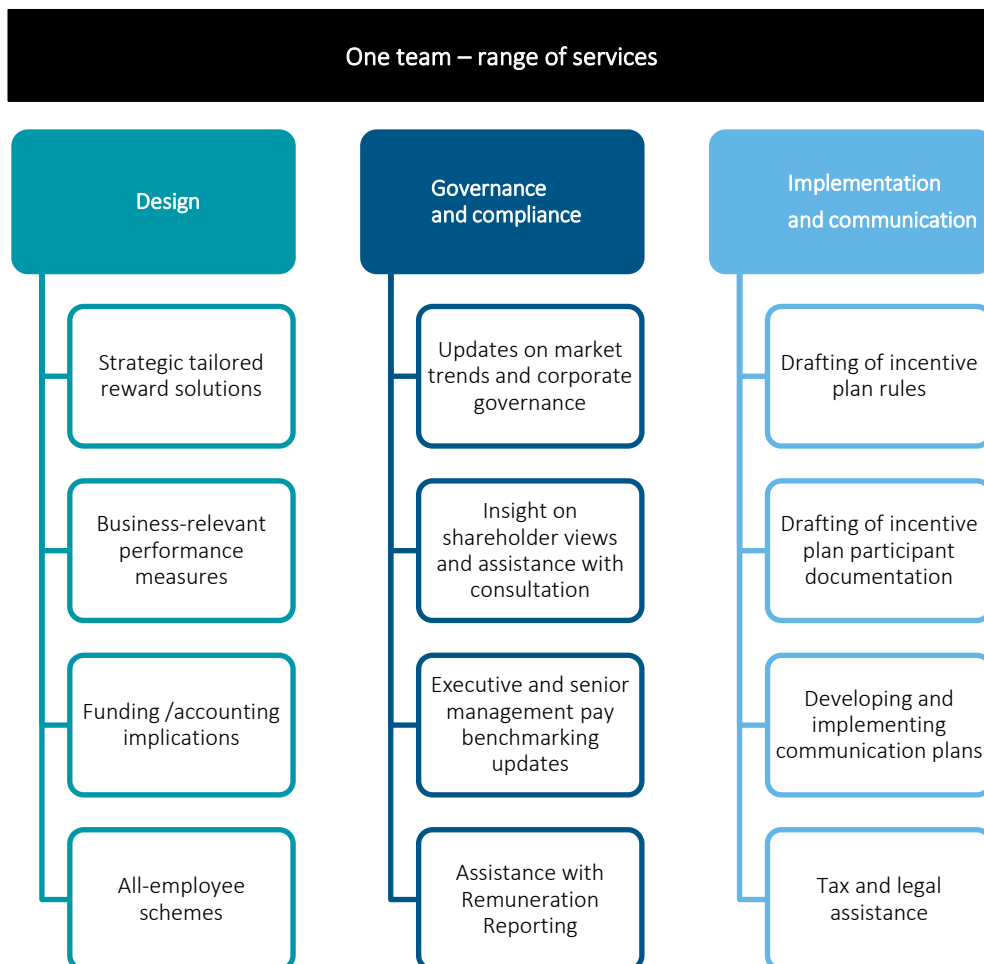
We currently advise various private European and Nordic companies as well as 40% of the Danish Large Cap companies. In most of the cases, we are the retained independent advisors to the Remuneration Committee or as auditors, and many of these are long-standing relationships.

We are an integrated team, providing a 'one stop shop' for all stages of design and implementation. This means that areas often separated in competitor practices are closely linked in ours. Our joint UK, the Netherlands and Nordic team of more than 65 specialists includes remuneration design, investor relations, disclosure, corporate governance, tax, legal, incentive scheme specialists, all employee reward and accounting experts.

We are recognised for providing independent, expert advice as well as commercial and pragmatic implementation support.

New areas of focus can emerge quickly and sometimes unexpectedly. The exposure that we get through our client base ensures that our knowledge and experience is continually refreshed as market practice evolves.

Whilst respecting confidentiality, we also draw on industry expertise from across the wider Deloitte business and have a dedicated focus on reward for examples in the financial services industry.



6 Our Nordic Board & Executive Advisory

Deloitte enables boards and executive managements to transition into a sustainable future.

Providing best-in-class boardroom advisory

Based on Deloitte’s rigor of capabilities, resources and global presence, we are uniquely positioned to assist boards and executive managements on all matters needed, in a professional and complete manner.

Collaborating with the most ambitious boards and executive managements

We focus on organisations – listed, private equity-backed, cooperative, family- and foundation-owned, and select public institutions. Our focus is on boards and their interface with executive managements concerning matters such as succession, culture and dynamics.

Being a long-term trusted advisor

As a long-term partner, we always tailor our services to the individual needs of our client.

Promoting sustainable value creation

We focus on helping our clients create sustainable value – financially, socially, and environmentally – so they can achieve undisputed leadership and maximise the impact of their company.

We help boards and executive teams of leading organisations become more strategic, effective and impact-focused.

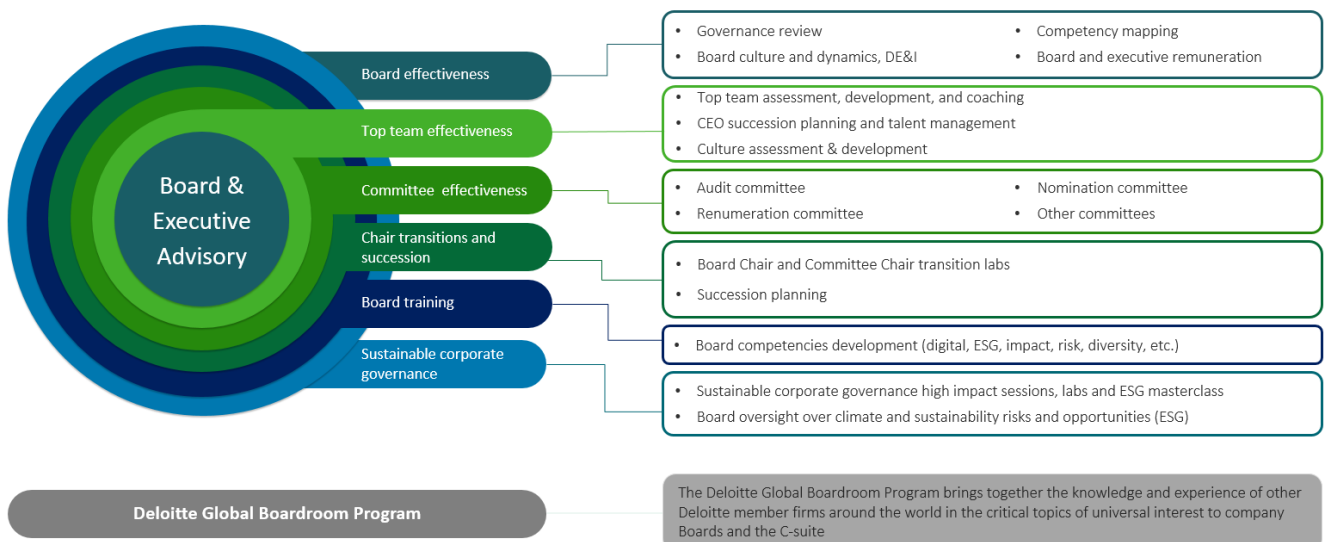
Global uncertainty and rapid change are putting significant demands on chairs, boards and their executive teams

To overcome challenges and simultaneously prepare for the future, chairs and boards should play a more active role towards executive management, shareholders and stakeholders by serving as stewards of the organisation.

The need for anticipating future developments, accelerating strategic initiatives on climate change, sustainability transformation, impact, risk oversight, cultivating talent and culture is high.

By helping boards and executives, Deloitte supports businesses to become more strategic, effective and impact-focused.

Our offerings in the Nordics



7 Our contacts

If you would like further information on any of the areas covered in this report or help in interpreting the remuneration data, please feel free to contact your Deloitte partner or:



Michael Vad

Partner, Head of Nordic Board & Executive Advisory

+45 22 83 01 00
mvad@deloitte.dk

Michael comes with more than 20 years of experience as Board Advisory Partner and has specialised in board evaluation and board advisory having worked with both Danish and global companies, also on individual competence mapping, board culture assessments and leadership development.



Martin Faarborg

Partner, Nordic Remuneration Committee Advisory Leader

+45 21 27 65 58
mfaarborg@deloitte.dk

Martin has extensive experience in advising board chairs and remuneration committees on remuneration strategy, design, policies, processes, leading practices as well as on reporting and assurance. In order to do so, he works closely with management to ensure that the overall strategy, the business and commercial circumstances are incorporated into the work, incl. sustainable corporate governance and board oversight over ESG metrics and targets.



Anja Andersen

Partner, Share-based pay & M&A, Tax & Legal

+45 30 93 40 32
anjandersen@deloitte.dk

Anja has extensive experience in advising on design and taxation of executive compensation and designing employee incentive programs for Danish listed and non-listed companies. She works closely with management to ensure that all elements of Danish and international taxation are considered and are incorporated into the work.



Tinus Bang Christensen

Partner, Valuation Services, Corporate Finance Advisory

+45 30 93 44 63
tbchristensen@deloitte.dk

Tinus has extensive experience in advising on design and valuation of executive remuneration, including modelling of total shareholders return and likelihoods of achieving financial targets. He also works closely with management to ensure that the overall strategy, the business and commercial circumstances are incorporated into the work.

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