



Data insights into Board and Executive remuneration in Danish C25 Companies

2023

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1 Introduction

This data insights report is intended to provide you with a brief guide to the 2023 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 June and December 2023 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 2024 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 2024, 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

June 2024

2 Content overview

This data report gives an overview of and insight into the remuneration of the Board of Directors, CEOs and CFOs of listed companies within the Danish C25 Index¹. At the end of May 2024, the Danish C25 companies comprised 23 companies, the names of which are listed in section 4. These companies represent 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 two companies (Ambu and Coloplast) had financial year-ends as of 30 September. All companies had published their 2023 remuneration reports by the end of April 2023. Our report is therefore based on data from 23 companies.

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 fourth reporting year. Reporting practice for long-term incentive plan (LTI) numbers in the remuneration reports aligned for the Danish C25 companies in 2023. All companies disclosed 'granted pay' for their long-term incentive (LTI) plan. The basis for comparability of 'granted pay' has therefore improved over the past years. Therefore, our 2023 data analysis does provide the basis for 100% comparability across the companies. We have annualised new CEO's and new CFO's pay to 12 months. Total remuneration excludes any extraordinary remuneration (i.e. sign-on bonus and extraordinary LTI grants).

Disclaimer

The aim of this data report is to provide a high-level overview of Board and Executive 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 23 individual companies as of 30 May 2024. This is due to A. P. Moller Maersk having two share classes listed in C25 and Novozymes having merged with Chr. Hansen to become Novonosis as of 1 February 2024. All the C25 companies have primary listings in Copenhagen, incl. Nordea.

3 Key findings

3.1 Executive remuneration

Deloitte’s data insights report for the Danish C25 companies shows the following data points for annual remuneration of CEOs and CFOs for 2023, incl. ESG metrics in executive remuneration:

C25 CEOs’ remuneration in 2023 – all medians

- Base salary was DKK 11.4m excluding pensions and other benefits (2022: DKK 10.9m)
- Pensions and other benefits were 13% of base salary (2022: 12%)
- Actual bonus was 68% (2022: 67%), target bonus was 50% (2022: 50%) and maximum bonus was 95% (2022: 79%) of base salary
- Actual long-term incentive (LTI) was 68% (2022: 61%), target LTI was 63% (2022: 63%) and maximum LTI was 125% (2022: 100%) of base salary – a significant increase in actual and maximum LTI
- Total actual remuneration was DKK 23.4m (2022: DKK 23.0m)

C25 CFOs’ remuneration in 2023 – all medians

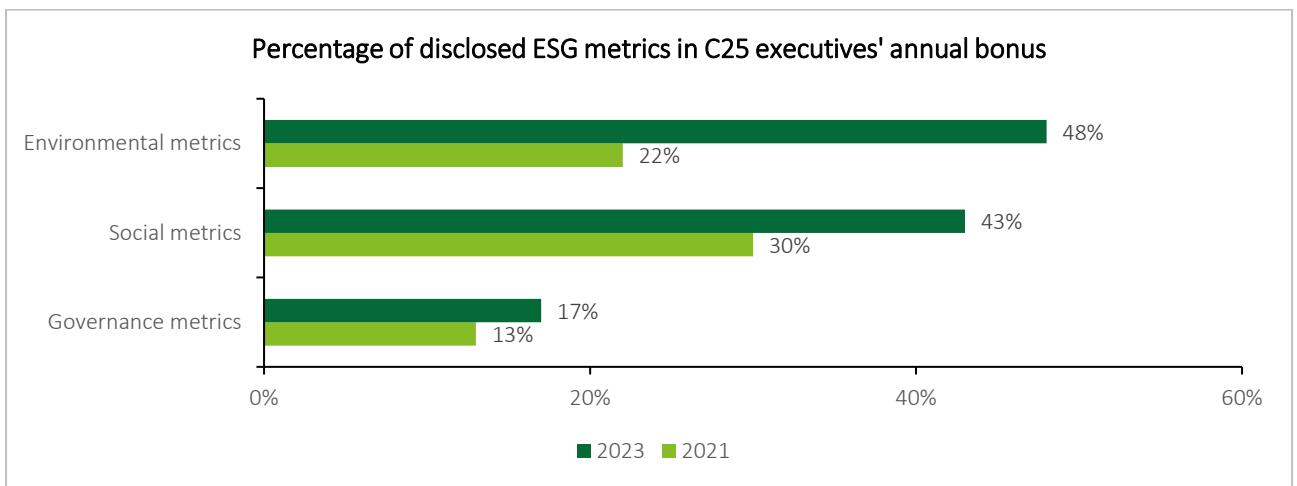
- Base salary was DKK 5.5m excluding pensions and other benefits (2022: DKK 5.6m)
- Pensions and other benefits were 16% of base salary (2022: 8%)
- Actual bonus was 59% (2022: 58%), target bonus was 50% (2022: 45%) and maximum bonus was 80% (2022: 75%) of base salary
- Actual long-term incentive (LTI) was 69% (2022: 58%), target LTI was 50% (2022: 55%) and maximum LTI was 100% (2022: 100%) of base salary – a significant increase in actual LTI
- Total actual remuneration was DKK 12.5m (2022: DKK 10.5m)

ESG metrics in C25 executives’ remuneration in 2023

To ensure like-for-like comparison and to track the development of ESG metrics in executive remuneration, we have compared the current group of C25 companies’ ESG metrics in 2021 with their ESG metrics in 2023:

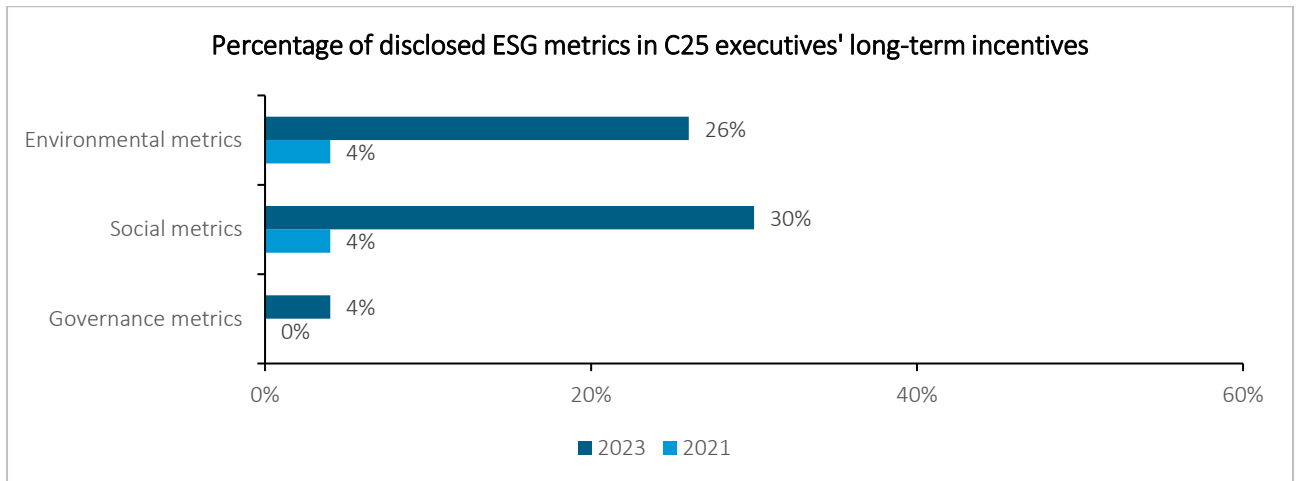
Annual bonus:

- 65% disclosed having incorporated ESG metrics in the executives’ annual bonus (2021: 52%). Among these companies, the weighting of the ESG metrics ranged from 9-50% (with a median of 15% for those with ESG metrics in the executives’ annual bonus) of the annual bonus.
- The prevalence of respectively environmental (E), social (S) and/or governance (G) metrics in the C25 executives’ annual bonus in 2023 (comparative to 2021) is outlined below:



Long-term incentive:

- 39% disclosed having incorporated ESG metrics in the executives' long-term incentives (2021: 22%). Among these companies, the weighting of the ESG metrics ranged from 10-33% (with a median of 20% for those with ESG metrics in the executives' LTI) of long-term incentives.
- The prevalence of respectively environmental (E), social (S) and/or governance (G) metrics in the C25 executives' long-term incentives in 2023 (comparative to 2021) is outlined below:



The data indicate an increasingly maturing but realistic trend among the C25 companies to link executive remuneration to the growing demands related to ESG, and especially including environmental metrics in both STI and/or LTI, balanced against the traditional key financial metrics that still matters to most in driving shareholder value.

For further information, we can advise you to read our Nordic publication on 'Incorporating ESG performance in executive remuneration' from June 2024 on [our Nordic Board & Executive Advisory website](#).

3.2 Board remuneration

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

C25 Board of Directors' remuneration in 2023 – all medians

- Board base pay was DKK 450k (2022: DKK 450k)
- Board Chair total pay was DKK 1,350k (2022: DKK 1,350k)
- Audit Committee member pay was DKK 220k (2022: DKK 185k) and Audit Committee Chair pay was DKK 430k (2022: DKK 385k)
- Remuneration Committee member pay was DKK 150k (2022: DKK 128k) and Remuneration Committee Chair pay was DKK 263k (2022: DKK 250k)
- Nomination Committee member pay was DKK 138k (2022: DKK 128k) and Nomination Committee Chair pay was DKK 228k (2022: DKK 250k)
- Other Committee member pay was DKK 169k (2022: DKK 158k) and Other Committee Chair pay was DKK 319k (2022: DKK 314k)
- Board Chair multiple was 3.0x board base pay (2022: 3.0x)
- Deputy Board Chair multiple was 2.0x board base pay (2022: 2.0x)

Board remuneration foresights for 2024:

- In a separate analysis, we have seen from the AGM season 2024 that Danish C25 companies adjust their median Board member base pay with inflation of approx. 4.4% p.a. to DKK 470k and median Board Chair base pay of approx. 5.0% p.a. to DKK 1,420k. This is the only substantial change to board remuneration approved during the 2024 AGM season.
- In 2024, 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, Nordea and NKT) 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 2023 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. Coloplast A/S
6. Danske Bank A/S
7. Demant A/S
8. DSV A/S
9. Genmab A/S
10. GN Store Nord A/S
11. ISS A/S
12. Jyske Bank A/S
13. NKT A/S²
14. Novo Nordisk A/S
15. Novozymes A/S³
16. Nordea Bank Abp
17. Pandora A/S
18. Rockwool International A/S
19. Royal Unibrew A/S
20. Tryg A/S
21. Vestas Wind Systems A/S
22. Zealand Pharma A/S²
23. Ørsted A/S

² NKT A/S and Zealand Pharma A/S was added to the C25 index in 2023, replacing FLSmidth A/S and Netcompany Group A/S. Accordingly, the comparative figures for 2022 displayed are inclusive of FLSmidth A/S and Netcompany Group A/S, but excluding NKT A/S and Zealand Pharma A/S.

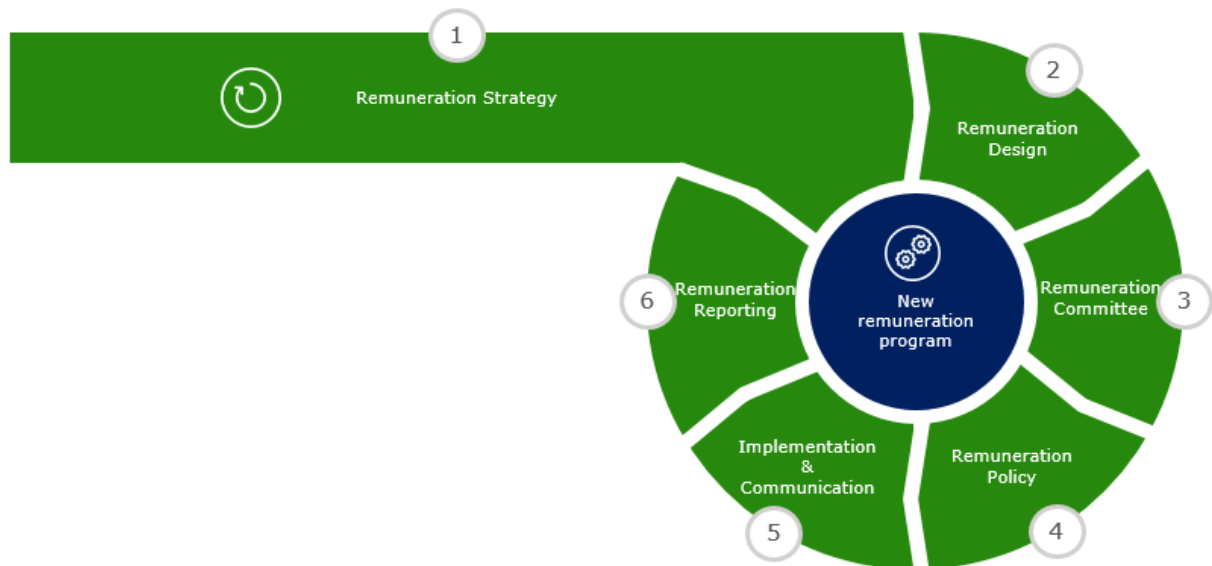
³ Novozymes A/S merged with Chr. Hansen Holding A/S to become Novonesis A/S as of 1 February 2024. However, the available remuneration data for 2023 is applicable to Novozymes A/S only. Accordingly, Chr. Hansen Holding A/S is not included in the 2023 analysis as they did not release a separate remuneration report for 2022/23 prior to the Novonesis merger.

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.

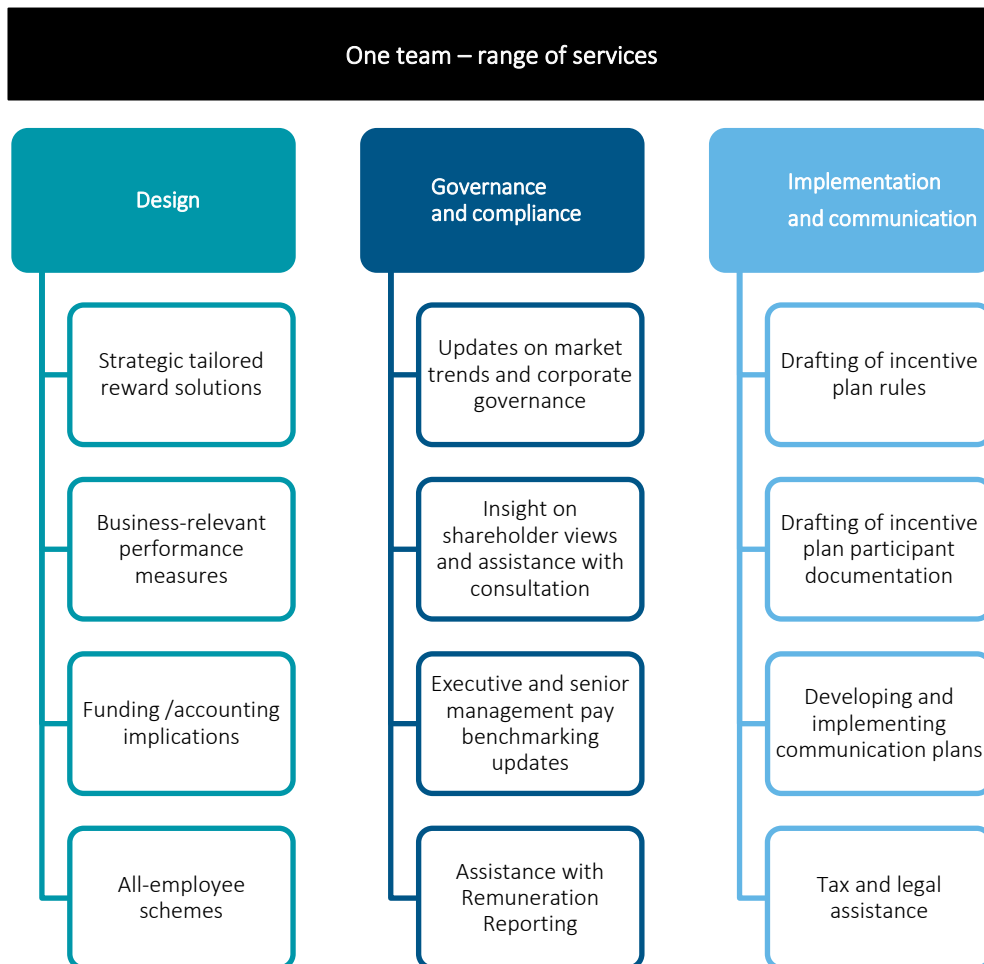
We currently advise various private listed and non-listed European and Nordic companies as well as 40% of the Danish Large Cap companies. In most of the cases, we are the retained independent advisors to the Remuneration Committee or as auditors, and many of these are long-standing relationships.

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 Executives 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 Executives 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 the Executive Management 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.

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 the 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:



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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

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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

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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.



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Partner, Valuation Services, Corporate Finance Advisory

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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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