

Remuneration Report 2021



FALCK

1. Introduction

Remuneration report

This remuneration report provides a transparent overview of the total remuneration received by each member of the Board of Directors ("Board") and of the Executive Committee of Falck A/S, CVR no. 33591045, for the year 2021 with comparative historical figures. The Executive Committee comprises of the Group CEO and Group CFO who form the management registered with the Danish Business Authority.

Falck's remuneration principles provide the framework for the remuneration of the Board and the Executive Committee. These principles are available at: www.falck.com/about-us/corporate-governance/remuneration

Remuneration to the Executive Committee is proposed by the Remuneration and Nomination Committee and approved by the Board.

2. Remuneration of the Board of Directors

2.1

Key points

The Remuneration Policy of the Board is designed to attract and retain qualified members and reward them for their independent oversight role as the stewards of shareholder assets. The remuneration package for the members of the Board comprises an annual fixed fee and an annual Committee membership fee. The annual base fee shall be in line with market practice of comparable companies considering the required competencies, effort and scope of work of the members of the Board. The Chairman and the Deputy Chairman each receives a multiplier of the annual base fee of three (3) and two (2), respectively, for their extended duties.

In accordance with corporate governance, the members of the Board are not eligible for any variable pay programmes such as short-term or long-term incentive plans, or any share-based compensation arrangements such as share or stock option programmes. However, employee-elected members of the Board may, due to their employment, be covered by general incentive schemes applicable to Falck's employees.

2.2

Board and Committee fee levels for 2021

	Role	Multiplier	Annual fee (DKK)
Board fee	Chairman	3	825,000
	Deputy Chairman	2	550,000
	Member	1	275,000
Audit Committee	Chairman	1	275,000
	Member	0.5	137,500
Remuneration and Nomination Committee	Chairman	0.75	206,300
	Member	0.375	103,100

2. Remuneration of the Board of Directors

2.3

Overview of Board remuneration

The below table provides an overview of the remuneration received by each Board member in 2021.

DKK	2021	2020	2019
Peter Schütze	1,031,300	1,031,300	1,100,000
Lene Skole	928,100	928,100	687,500
Søren Thorup Sørensen	-	171,900	687,500
Lars Frederiksen	412,500	412,500	412,500
Dorthe Mikkelsen	378,100	378,100	275,000
Niels Smedegaard	412,500	412,500	412,500
Thomas Lau Schleicher	275,000	206,300	-
Vagn Flink Møller Pedersen	275,000	275,000	275,000
Allan John Rensgaard	68,800	275,000	275,000
Henrik Villsen Andersen ¹	91,700	275,000	275,000
Stefan Fyhn Gregersen	183,300	-	-
Jacob Bonne Guldberg	206,300	-	-
Total	4,262,500	4,262,500	4,400,000

1) in addition to the regular board fee Henrik Vilsen Andersen received DKK 1 million in one-time payment due to extraordinary settlement

3. Remuneration of the Executive Committee

3.1 Overview of 2021

The Executive Committee comprises of the Group CEO and the Group CFO. Together they form the management registered with the Danish Business Authority.

2021 has been an extraordinary year in many ways for Falck. The year was impacted significantly by COVID-19 both in terms of lock-downs and a challenging environment for our frontline staff. Despite the challenges, service delivery continued throughout the year. In Denmark, Falck stepped in and proved its value to the society through massive COVID-19 testing activities, run in parallel with the ambulance operations. This has led to an

outstanding financial result, improved brand building, and reputation for Falck.

Commercially significant achievements were accomplished during 2021, both in the subscription business in Denmark and Colombia with significant net increases. In the Emergency Response, a number of important contracts were secured in Denmark, the US and Germany.

Important steps in the implementation of Falck's long-term strategy were taken during 2021. Several entities in the Portfolio were divested, most prominently the Roadside Assistance business in Sweden, Norway, Finland and the Baltics. The Healthcare

position in Scandinavia was strengthened with the acquisition of Frisk Gruppen in Norway.

As part of the targets for 2021, we continued our focus on health and safety by reducing lost-time injuries and increasing the engagement of Falck employees. In these areas, good progress was made, but targets were not reached. The global COVID-19 challenges impacted the work in these areas, for example the roll-out of Falck's frontline leadership programme was delayed due to COVID-19.

During 2021, the Executive Management ensured strong short-term financial and commercial performance, while also developing Falck in accordance with the long-term strategy.

Based on the strong performance in 2021, the Board awarded the Executive Committee maximum pay-out (200% of target) on the short-term incentive plan, bringing the total remuneration of the Executive Committee above target level, as illustrated on page 10.

3.2 Remuneration package

In order to attract the right talent with the right competencies to create long-term value for Falck's owners and align with the Executive Committee's interest, short-term and long-term, the remuneration of the Executive Committee consists of the components as set out in the table below.

Remuneration overview table

	Policy	2021 remuneration	Alignment with strategy, long-term interests and sustainability
Fixed annual base salary	<p>The base salary is a fixed cash compensation, taking into consideration the individual role, market conditions and the general remuneration conditions at Falck.</p> <p>Potential annual increases are typically aligned with those applicable to employees in general, but higher increases may be awarded where appropriate.</p>	Both members of the Executive Committee received a 2% base salary increase in 2021, which was aligned with the wider leadership group in Denmark.	The base salary is provided at a competitive level to ensure a focus on the long-term value creation of Falck and the balance between risk and opportunity.
Pension	Executive Committee members do not receive pension contributions from Falck.		

3. Remuneration of the Executive Committee

Remuneration overview table

– continued

	Policy	2021 remuneration	Alignment with strategy, long-term interests and sustainability
Short-term incentive programme	<p>The short-term incentive programme is a variable one-year cash-based incentive, subject to the achievement of annual targets. Its role is to drive and reward exceptional performance of Falck.</p> <p>Targets are set at the beginning of the year and include determination of threshold, target and performance required to achieve maximum pay-out. The short-term incentive may have a maximum value of up to 100% of the annual base salary for the Group CEO and up to 50% for the Group CFO.</p>	<p>Based on outstanding financial results and proven societal value through COVID-19 testing in Denmark the 2021 short-term incentive was assessed at maximum level.</p>	<p>Designed to incentivise short-term performance in line with Falck's strategy and needs. This will typically include financial, operational, organisational and sustainability targets.</p> <p>When setting targets, the Board considers budgets and long-term business plans supporting Falck's strategic goals and values.</p>
Long-term incentive programme	<p>The long-term incentive programme is a cash-based incentive designed to drive and reward the creation of long-term shareholder value at Falck. The long-term incentive will have up to a three-year performance period. The long-term incentive may have a maximum value of up to 100% of the annual base salary for the Group CEO and up to 67% for the Group CFO.</p>	<p>The 2021 long-term incentive programme contains one three-year target measuring economic profit at the end of 2023. Falck is on track to meet this target.</p> <p>The EBITA threshold defined in the 2019 long-term incentive programme was met at the end of 2021, the Board has therefore approved the pay-out of the programme for April 2022.</p>	<p>Designed to align interests of the Executive Committee to the long-term value creation of Falck with focus on the economic profit but may also include organisational efficiency and sustainability measures.</p> <p>The long-term incentive programme shall be designed to promote the creation of long-term value of Falck.</p>
Non-monetary benefits	<p>Executive Committee members receive non-monetary benefits such as a company car and healthcare insurance.</p> <p>Non-monetary benefits may have a value of up to 10% of the annual base salary.</p>		
Severance payment	<p>The total remuneration related to the termination period, including salary during the notice period and any severance pay, to a member of the Executive Committee shall not exceed two (2) years' total remuneration including all remuneration components.</p>	<p>No member of the Executive Committee has left Falck during 2021.</p>	

3. Remuneration of the Executive Committee

3.2 – continued

The short-term incentive programme

3.2.1

Falck's short-term incentive programme is a cash-based one-year programme with focus on financial, operational, commercial and people KPIs. The maximum pay-out is twice the level of the target pay-out for the Executive Committee.

3.2.2

Design of the short-term incentive programme is shown in the below table.

	Group CEO	Group CFO
Instrument	Cash	Cash
Performance period	1 year	1 year
Target cash (% base salary)	50%	25%
Max cash (% base salary)	100%	50%
KPIs	<ul style="list-style-type: none"> • Financial KPIs typically including revenue, EBITA and cash conversion • Commercial KPIs relating to increasing subscriptions and the contract value portfolio • People KPIs relating to health and safety and engagement of Falck's employees • ESG targets relating to optimising Falck's ESG footprint 	

3.3

The long-term incentive programme

3.3.1

In 2021, the members of the Executive Committee participated in a cash-based long-term incentive programme. The granting of the long-term incentive programme is subject to Board approval. Falck first introduced the long-term incentive programme in 2018 and has phased in the programme during the turnaround of the Company. The 2021 long-term incentive programme is based on a three-year performance period with an economic profit target at the end of the three-year period. The design of the 2021 long-term incentive programme is shown to the right.

3.3.2

2021 long-term incentive programme design

	Group CEO	Group CFO
Instrument	Cash	Cash
Performance period	3 years	3 years
Target cash	50%	33%
Max cash	100%	67%
KPIs	Financial KPIs typically economic profit	

3. Remuneration of the Executive Committee

3.3.3

Long-term incentive programme overview

The current long-term incentive programme has been in effect since 2018.

The below table provides an overview of the current value of each programme at target level and the actual value

(estimated or actual if paid out) for each programme. There is no actual pay-out in the financial year 2021 as the 2018 long-term incentive programme was a two-year programme and the 2019 programme was a three-year programme.

DKKkm	Programme	Performance period	Pay-out date	Target value	Estimated value (actual if paid out)
Group CEO Jakob Riis	2021	01-01-2021 – 31-12-2023	30-04-2024	4.0	4.0 (50% of max)
	2020	01-01-2020 – 31-12-2020	30-04-2023	4.0	8.0 (100% of max)
	2019	01-01-2019 – 31-12-2019	30-04-2022	4.0	3.2 (40% of max)
	2018	01-01-2018 – 31-12-2018	30-04-2020	4.0	6.7 (83.5% of max)
Group CFO Tor Magne Lønnum	2021	01-01-2021 – 31-12-2023	30-04-2024	1.8	1.8 (50% of max)
	2020	01-01-2020 – 31-12-2020	30-04-2023	1.8	3.6 (100% of max)
	2019	01-01-2019 – 31-12-2019	30-04-2022	1.7	1.4 (40% of max)
	2018	01-01-2018 – 31-12-2018	30-04-2020	1.7	2.9 (83.5% of max)

3. Remuneration of the Executive Committee

3.4 Remuneration overview of the Executive Committee

The table to the right shows an overview of the remuneration of the Executive Committee based on performance in 2021. The value of the 2021 long-term incentive programme is estimated based on the current performance as the performance period does not end until 31 January 2023.

DKKkm		Group CEO Jakob Riis		Group CFO Tor Magne Lønnum	
		Amount	In %	Amount	In %
Fixed remuneration	Base salary	8.1	40%	5.4	54%
	Pension	0	0%	0	0%
	Other benefits	0.2	1%	0.2	1%
	Total fixed remuneration	8.3	41%	5.6	55%
Variable remuneration	2021 short-term incentive programme	8.1	40%	2.7	27%
	2021 long-term incentive programme (estimated value)	4.0	19%	1.8	18%
	Severance	0	0%	0	0%
	Total variable remuneration	12.1	59%	4.5	45%
Total remuneration		20.4	100%	10.1	100%

3. Remuneration of the Executive Committee

3.4.1

Breakdown of Group CEO remuneration

The remuneration estimated to be paid to Falck's Group CEO; Jakob Riis based on the performance in 2021 totalled DKK 20.4 million. The fixed salary for the period was DKK 8.1 million being 40% of the total remuneration in 2021.

Based on performance in 2021, the short-term incentive pay-out was at 200% of target and

thereby maximum value (scheme described page 7 in more detail). The status of the 2021 long-term incentive scheme is that Falck is estimated to reach the target by the end of 2023. Overall, the total remuneration for the Group CEO based on 2021 performance was above target level.

Other benefits were mainly car benefits.

3.4.2

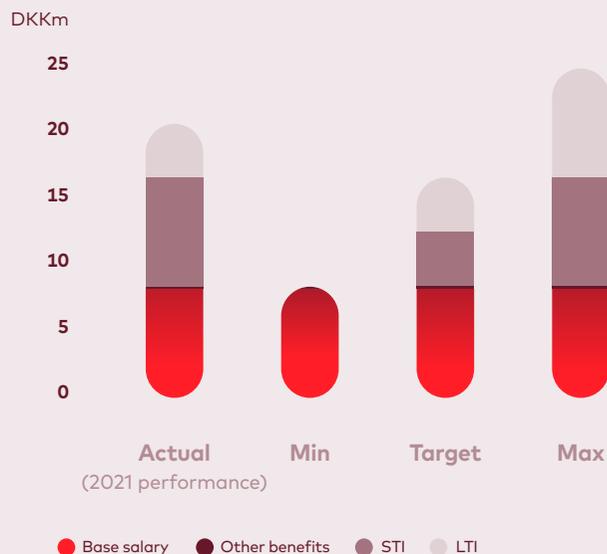
Breakdown of Group CFO remuneration

The remuneration estimated to be paid to Falck's Group CFO, Tor Magne Lønnum based on the performance in 2021 totalled DKK 10.1 million. The fixed salary for the period was DKK 5.4 million being 54% of the total remuneration in 2021.

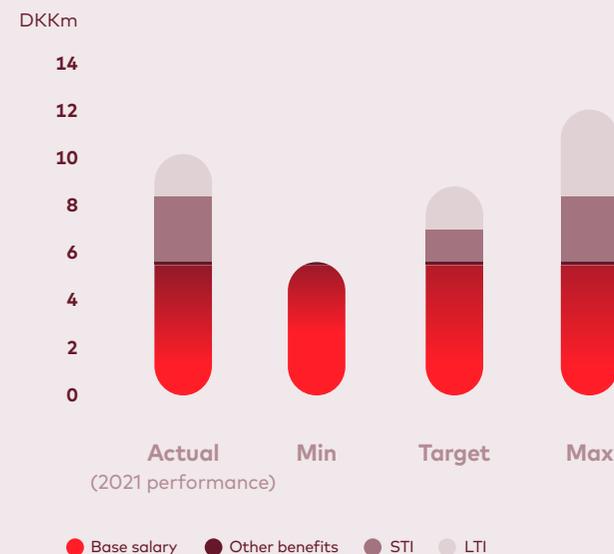
Based on performance in 2021, the short-term incentive pay-out was at 200% of target and

thereby maximum value (scheme described on page 7 in more detail). The status of the 2021 long-term incentive scheme is that Falck is estimated to reach the target by the end of 2023. Overall, the total remuneration for the Group CFO based on 2021 performance was above target level.

Group CEO pay-mix illustration



Group CFO pay-mix illustration



3. Remuneration of the Executive Committee

3.5 2018 – 2021 Executive Committee remuneration

The table below shows the development of the remuneration of the Executive Committee in the period from 2018 to 2021 compared to the Company performance. 2018 has been selected as a starting point as all Executive Committee members started in 2017, and thereby 2018 was the first year with full-year employment.

DKKm	2021	2020	2019	2018
Group CEO				
Jakob Riis (hire date: 1 May 2017)	20.4	16.2	14.6	20.2
Group CFO				
Tor Magne Lønnum (hire date: 1 September 2017)	10.1	9.1	7.9	10.1
Revenue	15,173	12,348	13,824	13,988
EBITA	1,834	675	729	239
Economic profit	919	(52)	(288)	(309)
Average employee compensation (DKKt)	407	375	359	324
CEO ratio	50.1	43.1	40.6	62.3

3.6 Reconciliation against Annual Report 2021

A reconciliation of total remuneration for the Executive Committee on page 9 of this remuneration report and total remuneration included in note 2.3 - Employee cost in Falck's Annual Report 2021 is provided in the table below.

DKKm	2021
	Amount
Total remuneration	30.5
Group CEO (Jakob Riis)	20.4
Group CFO (Tor Magne Lønnum)	10.1
Total remuneration for Executive Committee in note 2.3 in Annual Report 2021	30.5
Difference	0

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