

Note 12 Share-based payment

Table 12.1	Members of the Executive Board	Employees	Total	Total fair value ¹
	No.	No.	No.	USD million
Outstanding restricted shares				
1 January 2019	1,002	12,786	13,788	
Granted	1,310	4,319	5,629	7
Granted in connection with Maersk Drilling demerger	294	1,286	1,580	
Exercised	-	4,756	4,756	
Forfeited	739	1,700	2,439	
Outstanding 31 December 2019	1,867	11,935	13,802	
Granted	1,626	6,165	7,791	7
Exercised	-	3,777	3,777	
Forfeited	-	125	125	
Outstanding 31 December 2020	3,493	14,198	17,691	

Table 12.1**Restricted shares plan**

The restricted shares plan was introduced in 2013, and grants have been awarded to employees on a yearly basis since 2013. Beginning in 2018, grants have also been awarded to members of the Executive Board.

The transfer of restricted shares is contingent upon the employee still being employed and not being under notice of termination and takes place when three years have passed from the time of granting. For members of the Executive Board the vesting period is five years.

The members of the Executive Board as well as other employees are not entitled to any dividends during the vesting period. Special conditions apply regarding illness, death and resignation as well as changes in the company's capital structure, etc. A part of A.P. Møller - Mærsk A/S' holding of own B shares will be used to meet the company's obligations in connection with the restricted shares plan.

The fair value of restricted shares (A.P. Møller - Mærsk A/S B shares) granted to 96 (92) employees and five (five) members of the Executive Board was USD 7m (USD 7m) at the time of grant.

The fair value per restricted share at the time of grant is DKK 5,975 (DKK 8,668), which is equal to the volume weighted average share price on the date of grant, i.e. 1 April 2020.

The payroll expense related to the restricted shares plan is USD 6m (USD 5m).

On 1 April 2020, the restricted shares originally granted in 2017 were settled with the employees. The weighted average share price at that date was DKK 5,975.

The average remaining contractual life for the restricted shares as per 31 December 2020 is 1.8 years (1.7 years).

1 At the time of grant.

Note 12 Share-based payment – continued

Table 12.2	Members of the Executive Board	Employees	Total	Average exercise price ¹
	No.	No.	No.	DKK
Outstanding share options				
1 January 2019	9,985	36,707	46,692	10,006
Granted	7,894	22,444	30,338	7,622
Forfeited	6,080	3,125	9,205	9,141
Outstanding 31 December 2019	11,799	56,026	67,825	9,057
Exercisable 31 December 2019	-	18,435	18,435	10,630
Granted	8,741	31,383	40,124	8,639
Exercised	-	18,446	18,446	9,968
Forfeited	-	1,073	1,073	9,636
Outstanding 31 December 2020	20,540	67,890	88,430	8,670
Exercisable 31 December 2020	2,347	32,474	34,821	10,187

The following principal assumptions are used in the valuation:

Table 12.3	Share options granted to members of the Executive Board		Share options granted to employees not members of the Executive Board	
	2020	2019	2020	2019
Share price, volume weighted average at the date of grant, 1 April, DKK	5,975	8,668	5,975	8,668
Share price, five days volume weighted average after publication of Annual Report, DKK	7,854	8,682	7,854	8,682
Exercise price, DKK	8,639	9,550	8,639	9,550
Exercise price following the demerger of Maersk Drilling, 2 April 2019, DKK	N/A	7,670	N/A	7,605
Expected volatility (based on historic volatility)	31%	32%	31%	32%
Expected term (years)	5	5	5.75	5.75
Expected dividend per share, DKK	150	150	150	150
Risk free interest rate	-0.66%	-0.36%	-0.63%	-0.28%

Table 12.2

Share option plans

In addition to the plan described above, A.P. Møller - Maersk has share option plans for members of the Executive Board and other employees. Each share option granted is a call option to buy an existing B share of nominal DKK 1,000 in A.P. Møller - Mærsk A/S.

The share options are granted at an exercise price corresponding to 110% of the average of the market price on the first five trading days following the release of A.P. Møller - Mærsk A/S' Annual Report. Exercise of the share options is contingent upon the option holder still being employed at the time of exercise. The share options can be exercised when at least three years and no more than six years (seven years for share options granted to employees not members of the Executive Board) have passed from the time of grant. Special conditions apply regarding illness, death and resignation as well as changes in the company's capital structure, etc.

The share options can only be settled in shares. A part of A.P. Møller - Mærsk A/S' holding of own B shares will be used to meet the company's obligations in respect of the share option plans.

The fair value of awards granted to five (five) members of the Executive Board and 89 (75) employees was USD 4m (USD 9m) at the time of grant.

The payroll expense related to the share option plan is USD 5m (USD 5m).

The weighted average share price at the dates of exercise of share options was DKK 12,389. No share options were exercised during 2019.

The average remaining contractual life as per 31 December 2020 is 5.1 years (5.2 years) and the exercise price for outstanding share options is DKK 8,670 (DKK 9,057).

1 Average exercise prices were reduced following the demerger of Maersk Drilling.

Table 12.3

The fair value per option granted to members of the Executive Board is calculated at DKK 625 (DKK 1,782) at the time of grant, based on Black & Scholes' option pricing model. The fair value per option granted to employees not members of the Executive Board is calculated at DKK 697 (DKK 1,914) at the time of grant based on the same option pricing model.