

Statutory report on corporate governance

In 2009, TrygVesta's Supervisory Board focused on organising the Group's further strategic development with a healthy balance between short-term and long-term activities and action plans. Profitable growth was very much in focus during the year, and TrygVesta benefited from the economic slowdown to acquire Moderna Försäkringar after following the company for some years.

Revised corporate governance recommendations are to be introduced in 2010. TrygVesta takes a positive view of this, and the Supervisory Board believes that TrygVesta complies with the recommendations in all essentials. The sections Corporate governance and Remuneration are based on Nasdaq OMX Copenhagen's corporate governance recommendations, and the individual headings make reference to the specific recommendations. Any deviations from the recommendations are disclosed below.

➔ *Find information in relation to the recommendations on trygvesta.com > Our Business > Corporate Governance*

Stakeholders

*Recommendation I.1, Recommendation II.1-2,
Recommendation III. 1-4*

TrygVesta issues press releases and company announcements on a regular basis and publishes interim reports and annual reports in order to enable stakeholders to form an adequate impression of the Group's position and performance. The financial statements have been prepared in accordance with IFRS. TrygVesta updates its outlook for the Group's performance each quarter. All financial announcements are released simultaneously in

Danish and English. Furthermore, the Group has a number of in-house guidelines to ensure that disclosures of price-sensitive information are made in accordance with the stock exchange rules of ethics. Investor Relations have regular contacts to equity analysts and major investors and organise investor presentations, teleconferences and webcasts together with the Executive Management. The Supervisory Board is regularly informed of the dialogue with investors and other stakeholders. All material is available at trygvesta.com, which also offers stakeholders to receive the latest news as RSS feeds or to download webcasts and teleconferences as podcasts. The Group has a number of policies that describe the company's relationship with its stakeholders.

➔ *See TrygVesta's press policy on trygvesta.com > Press > Press policy*

➔ *See TrygVesta's Investor Relations policy on trygvesta.com > Investor > Contact IR*

Capital and share structures

Recommendation I.2

The Supervisory Board monitors that TrygVesta's capital structure is in line with the needs of the Group and its shareholders, and that the capital structure is in compliance with the requirements applicable to TrygVesta as a financial undertaking. The Supervisory Board optimises capitalisation on an ongoing basis while duly safeguarding the interests of policyholders and shareholders and leaving the Group sufficient scope for development and growth.

In 2009, the shareholders at the annual general meeting authorised the Supervisory Board to let TrygVesta acquire own shares within 10% of the share capital in the period up to the next annual general meeting. Based on the Group's 2009 performance, the Supervisory Board proposes that TrygVesta implements a share buy back programme in 2010/11 totalling DKK 799m.

The annual general meeting held on 22 April 2009 passed a resolution to cancel the 4,068,427 shares bought back in connection with the share buy back programme implemented from 4 April 2008 to 26 March 2009. Effective as at 28 August 2009, the company's share capital was reduced by DKK 101,710,675 nominal value to DKK 1,598,289,325 nominal value, corresponding to 63,931,573 shares.

Recommendation I.4

The Supervisory Board intends to consider any public takeover bid that may be made as prescribed by legislation and, depending on the nature of such bid, to convene an extraordinary general meeting of shareholders in accordance with applicable requirements and rules.

Annual general meeting

Recommendation I.3

TrygVesta holds its annual general meeting of shareholders each year before the end of April. The Supervisory Board convenes the annual general meeting in accordance with the Danish Companies Act and the company's articles of association, giving not less than three weeks' notice, by a company announcement, at the company's website and in at least one national newspaper. Shareholders may elect to receive the notice by mail or as an electronic notice of the general meeting, or they may download the notice at trygvesta.com. The notice includes relevant information about the time and place of the meeting and sets out the agenda, which as a minimum comprises the following items:

- > Report of the Supervisory Board on the activities of the company during the past financial year
- > Presentation of the annual report for approval and discharge of the Supervisory Board and the Executive Management, including determination of the Supervisory Board's remuneration


- > Adoption of a resolution as to the distribution of profit or covering of loss, as the case may be, according to the annual report as approved, including proposed payment of dividend for the past financial year
- > Any proposals from the Supervisory Board or from shareholders
- > Election of members to the Supervisory Board
- > Appointment of auditors
- > Any other business

All shareholders are urged to attend the annual general meeting, and shareholders may vote in person at the general meeting, by postal ballot or appoint the Supervisory Board or a third party as their proxy. The proxy form and postal ballot form will be available at trygvesta.com on or before 25 March 2010.

The composition of the Supervisory Board

Recommendation V.1-2

The Supervisory Board makes an annual assessment of the competencies required for the Supervisory Board to perform its duties in the best possible way. Focus is on competencies within financial business, marketing, IT and management. In connection with an evaluation of the Supervisory Board's work and its members' competencies, it is assessed whether the Supervisory Board has the required competencies, or whether the competencies and expertise of its members need to be updated in some respects. A balanced distribution with respect to age, gender and nationality, among other factors, is sought in the composition of the Supervisory Board. The Board members are aged between 44 and 69 years, and there are three female members. Looking forward, TrygVesta intends to increase the number of female Supervisory Board members elected by the shareholders.

 See also the CVs of the Board members in the section *The Supervisory Board*

Recommendation V.3-4, V.9

The Supervisory Board has 12 members, including eight members elected by the shareholders for a term of one year. Four of the eight members are non-affiliated. The Supervisory Board deems that the number of members is adequate to ensure a constructive debate and an efficient decision-making process.

Recommendation V.10

AUDIT COMMITTEE

The framework for the audit committee's work is defined in terms of reference, and the committee is solely a preparatory body supporting the Supervisory Board in its work. The committee has three members and is chaired by a non-affiliated member of the Supervisory Board. The Supervisory Board deems that Bodil Nyboe Andersen who does not represent the majority shareholder Trygheds-Gruppen, meets the independency and qualification requirements. Bodil Nyboe Andersen has chaired the audit committee of TrygVesta A/S since 2006.

Four meetings of the committee were held in 2009, and it reported to the Supervisory Board on a regular basis. The audit committee made an assessment of the preceding year's work in August 2009, evaluating the need for changes to its terms of reference. The audit committee works with historical data, and it is not involved in forward-looking events such as outlook and budgets.

Members

- Bodil Nyboe Andersen, chairman
- Per Skov
- Rune Joensen

Responsibilities

- > To ensure the accuracy of financial information disclosed in the Group's financial reports, including the application of accounting policies.
- > To review and assess, at least once a year, management's guidelines for identifying, monitoring and managing the most important risks, including internal control and risk management systems.
- > To review and discuss the results of the work of the internal and external auditors and to supervise management's follow-up on the recommendations reported by the internal and external auditors.
- > To ensure that the Group is being monitored by independent auditors.

Activities in 2009

- > Reviewed the Group's technical provisions.
- > Reviewed the methodology for and assesment of the Group's Individual Solvency Need.
- > Reviewed the efficiency of the Group's contingency plans.
- > Assessed the Group's internal control procedures to prevent fraud.
- > Supervised annual and interim financial statements.
- > Supervised the audit work performed by the external auditors.

REMUNERATION COMMITTEE

The remuneration committee has four members elected by the Supervisory Board. The remuneration committee is chaired by the Chairman of the Supervisory Board. In addition, the committee must include at least one member of the Supervisory Board of TryghedsGruppen and at least one non-affiliated member of the Supervisory Board. The committee held four meetings in 2009. The work of the remuneration committee is based on TrygVesta's remuneration policy and guidelines for incentive pay adopted by the shareholders at the annual general meeting held on 3 April 2008.

Members

- Mikael Olufsen, chairman
- John R. Frederiksen
- Paul Bergqvist
- Birthe Petersen

Responsibilities

- > To support the Supervisory Board in considerations and decisions with respect to issues of remuneration to the Supervisory Board, Board committees and the Executive Management, and to discuss the framework for the Group Executive Management's remuneration in consultation with the Group CEO.
- > To ensure compliance with the Group's guidelines for incentive pay.
- > To prepare recommendations to the Supervisory Board about elements that should be included in the remuneration of the Supervisory Board and the Executive Management.
- > To keep the Supervisory Board informed of the market level and forms of remuneration paid to members of the supervisory boards and executive managements of the company's peers.

Activities in 2009

- > Discussed and adopted the remuneration structure for 2009.
- > Prepared a recommendation to the Supervisory Board concerning variable salary for 2008 and remuneration for 2009.
- > Prepared a recommendation to the Supervisory Board concerning salaries for 2009.
- > Planned the work for 2010.

THE COMPOSITION OF THE SUPERVISORY BOARD

4 affiliated members	4 non-affiliated members	4 members elected by the employees*
elected among the members of the Supervisory Board of Trygheds-Gruppen smba.	elected among candidates without any affiliation with Trygheds-Gruppen smba.	elected according to agreement between the Danish and Norwegian employee associations distributed on three of the Group's Danish employees and one Norwegian employee.

*Following the annual general meeting of 2010, the members elected by the employees will comprise two Danish, one Norwegian and one Swedish employee.

Recommendation V.5

➔ Read more about the employee representatives on TrygVesta's Supervisory Board at trygvesta.com
 > Our business > Corporate governance
 > Governance principals > Composition of the Board

The Chairman and the Deputy Chairman of the Supervisory Board perform the duties otherwise handled by a Nomination committee.

Recommendation V.8

To ensure replacement on the Supervisory Board, members elected by the shareholders may hold office for a maximum of nine years. Furthermore, members of the Supervisory Board must retire at the first general meeting following their 70th birthday.

Recommendation V.1-2, V.7

Prior to the election of new Board members, the Supervisory Board prepares a description of the candidates' background, professional qualifications and experience, and the notice convening the general meeting makes reference to this description. When taking up office, new Supervisory Board members are given an introduction to the Group.

➔ Read more about the Supervisory Board members' profiles and holdings of TrygVesta shares in the section Supervisory Board

A few Supervisory Board members hold more than the recommended number of directorships. However, the Supervisory Board considers that each member has adequate time and resources to serve as a member of the Supervisory Board of TrygVesta in a satisfactory manner.

The tasks and responsibilities of the Supervisory Board

Recommendation IV.1

The Supervisory Board is responsible for the overall management and financial control of TrygVesta. In this work, the Supervisory Board uses targets and framework management based on regular and systematic consideration of strategies and risks.

Recommendation IV.4

The Executive Management reports to the Supervisory Board on strategies and action plans, market developments and the Group's performance, funding issues, capital resources and special risks. The Supervisory Board cooperates with the Executive Management to ensure follow-up on and development of the Group's strategies.

Recommendation V.6

The Supervisory Board holds at least six annual meetings and an annual strategy seminar to discuss and define strategies and goals for the years ahead. The Supervisory Board discusses the Supervisory Board's tasks on a regular basis, and at the last meeting in the year, it determines a meeting plan for the coming year.

Recommendation V.11

The Supervisory Board carries out an annual evaluation of the work and results of the Executive Management and of the cooperation between the Supervisory Board and the Executive Management. In addition, the Supervisory Board reviews and approves the rules of procedure of the Supervisory Board and the Executive Management each year to ensure they are aligned with TrygVesta's requirements. The Supervisory Board has defined an evaluation procedure for assessing the composition of the Supervisory Board and the work and results of the Supervisory Board and its individual members. In addition, the Chairman has individual assessment interviews with each member of the Supervisory Board at the beginning of the year, which are discussed at the first Board meeting of the year.

Recommendation IV.2-3

The Supervisory Board is headed by the Chairman and the Deputy Chairman. The duties of the Chairman and the Deputy Chairman of the Supervisory Board are defined in the rules of procedure of the Supervisory Board and include preparing meetings of the Supervisory Board and evaluating the work of the Supervisory Board and the cooperation with the Executive Management. The Chairman and the Deputy Chairman furthermore plan the future composition of the Supervisory Board. The Chairman acts as spokesman for the Supervisory Board for external purposes.

Risk management

Recommendation VII.1-3

Being an insurance business, TrygVesta is subject to the requirements of the Danish Financial Business Act on risk management. In capital and risk management instructions, the Supervisory Board defines the framework for risk management in TrygVesta with respect to insurance risk/reinsurance, investment risk and operational risk, including IT security. This framework is then implemented in risk policies that define detailed guidelines for the Group's risk management. A risk management committee comprising the Group CEO, Group CFO and Group CRO monitors the risk management environment. The Executive Management reports to the Supervisory Board on the Group's risk management work.

➔ *Read more in the section Risk management and at trygvesta.com > Our business > Risk management.*

Audit

Recommendation VIII

The Supervisory Board ensures that the Group is monitored by competent and independent auditors. Each year, the annual general meeting appoints external auditors recommended by the Supervisory Board. The audit agreement with the external auditors, including the auditors' fees, is concluded between the Supervisory Board and the auditors. The Supervisory Board adopts the framework for the auditors' performance of non-audit services each year.

TrygVesta's internal audit department regularly reviews the quality of the Group's internal control systems and business procedures. The department is responsible for

planning, performing and reporting the audit work to the Supervisory Board. The internal and external auditors' long-form reports are reviewed by the Supervisory Board.

In connection with the Supervisory Board's review of the annual report, it discusses the accounting policies, among other issues. The results of the audit are discussed with the audit committee and in Supervisory Board meetings for the purpose of assessing the auditors' observations and conclusions.

Internal control and risk management systems

The responsibility for the Group's internal controls and risk management systems in connection with the financial reporting process rests with the Supervisory Board and the Executive Management.

The Supervisory Board and the Executive Management approve and monitor the Group's general policies, procedures and controls in key areas in relation to the financial reporting process, including compliance with relevant legislation and regulations, internal business procedures and segregation of duties, continuous monitoring of significant risks, etc.

In connection with major acquisitions, a general risk analysis is performed, and the significant business procedures and internal controls are reviewed.

The Executive Management has established a formal Group reporting process which comprises monthly reporting, including budget reporting and deviation reporting. TrygVesta publishes quarterly interim reports.

➔ *See also the section Stakeholders on page 68*

The Group's internal control systems are based, among other things, on clear organisational structures and guidelines, general IT controls and segregation of duties, which are supervised by the internal auditors.

Statutory report on corporate social responsibility

➔ *See TrygVesta's statutory report on corporate social responsibility at trygvesta.com > CSR > CSR*