

Guidelines on control of remuneration policy

Executive Order on Remuneration

In accordance with the Danish Executive Order on remuneration policy and remuneration in insurance companies and insurance holding companies (‘Executive Order on remuneration’), the Supervisory Board must, as part of the supervision of the company’s remuneration policy, ensure that compliance with the remuneration policy is checked at least once a year. The Supervisory Board must lay down the guidelines for the control, and the control results must be reported to the Supervisory Board.

In addition, the Remuneration Committee checks the remuneration of the Heads of Internal Audit, Compliance, Risk Management and the Actuarial function as well as the Chief Security Officer.

Responsible for performing and reporting the control

The remuneration control is performed by the Head of Payment in Finance. Internal Audit audits the control of the remuneration.

An external auditor audits that the salary paid to the Internal Auditor is in accordance with the salary statement signed by the chairman of the Audit Committee.

The control results are reported to the Remuneration Committee and to the Supervisory Board.

The Head of Payment may request that Risk Management, Compliance and other units provide an opinion on whether the remuneration policy is otherwise in accordance and compliance with Tryg’s risk profile, risk management and risks connected with Tryg’s capital and liquidity management.

Control procedure

The actual remuneration conditions in the financial year (see Tryg’s payroll systems) for the Supervisory Board, the Executive Board and Risk Takers are checked against the rules laid down in the remuneration policy in force at any given time and the current remuneration rules, including:

- Allocation and change of fees, basic salary, pension, employee benefits and any holiday allowance/holiday pay.
- Allocation of variable salary to the Executive Board (Matching Shares programme), including verification that this has been within the fixed cap in the remuneration policy.
- Allotment of free shares to the Executive Board after the expiry of the deferral period, including verification that there has been backtesting of the deferred allotments.
- In connection with the Remuneration Committee’s control of variable salary to Risk Takers (the INP programme), random checks must be performed, including:
 - That allocation has taken place within the fixed cap for the remuneration policy

- Of the basis for the Executive Board's assessment of the performance criteria which have resulted in the allocation of variable salary
 - Of the allotment of free shares after the expiry of the deferral period, including that the Executive Board has performed backtesting in connection with the deferred allotments
 - That the control is performed so that all Risk Takers have been checked over a continuous period of three years. Following a specific assessment, the random checks should be based on the evaluations which have resulted in the largest downward adjustments or irregularities in relation to the calculated variable salary on the calculation date.
- Allocation of any discretionary one-off remuneration.
 - Allocation of any sign-on bonus, retention bonus or severance pay.
 - Periods of notice and other agreements in employment contracts
 - Verification that the Executive Board and Risk Takers have not received general employee bonus, Success Fee or other bonus types not mentioned in the remuneration policy.
 - That the Heads of Internal Audit, Compliance, Risk Management and the Actuarial function as well as the Chief Security Officer have not received variable salary, except any agreed one-off remuneration, sign-on bonus, retention bonus or agreement on severance pay in connection with termination of employment.
 - Random check to verify that the employees in Internal Audit, Compliance, Risk Management, the Actuarial function and Group Security have not received variable salary linked to the results in the operational units and areas which are under their control.
 - Random check to verify that, in connection with bonus schemes, no targets have been set which are contrary to Tryg's obligation to act in the customer's best interest, or which encourage employees to recommend a specific insurance product if Tryg offers another product that covers the customer's requirements better.
 - Checking the disclosure of payroll details in accordance with the rules in the Executive Order on Remuneration. The Head of Payment may request Group Finance to provide a statement on this.

Material

The following material is included as a basis for reconciliation:

- The remuneration policy in force at any given time and the current remuneration rules
- A list of Supervisory Board members, Executive Officers and Risk Takers, including key staff members and control function managers
- The remuneration memo to the Supervisory Board
- Employment contracts, addenda and salary letters for employees who are checked
- Any notices of termination or severance agreements for Executive Board members and Risk Takers
- Statements of variable salary for the Executive Board and statements regarding Risk Takers who are selected for random checks
- The notice convening the annual general meeting (with the motion for remuneration to the Supervisory Board) as well as minutes of the annual general meeting with adoption of the motion for remuneration to the Supervisory Board

- Staff files for the employees who are checked
- Any additional material which the Head of Payment or Internal Audit may find necessary for the performance of his or her assignment.

The Head of Payment signs for the control performed directly on a copy of the payslip/tax assessment notice, which is filed in a folder with the Head of Payment.

Matching Shares, shares or restricted shares (quantity) are checked in the IT system for administration of the share programme.

After the control has been completed, a memo is prepared for the Remuneration Committee and the Supervisory Board with the Head of Payment's conclusions and a list of the employees who have been checked.

Frequency

The control is performed once a year, in immediate continuation of the payroll run for the 12th month. Reporting to the Remuneration Committee takes place in January.

It should be noted that Risk Takers who were appointed in January 2017 have maintained their existing INP programme for the 2017 performance year and that this programme is not covered by the rules on Risk Takers. For these Risk Takers, the relevant provisions on Risk Taker control will therefore only be applicable in connection with the control for the 2018 performance year.

Approved by the Supervisory Board of Tryg A/S and Tryg Forsikring A/S at a meeting held on 22 January 2018.