

Statutory corporate governance report **2019**



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New purpose

The Committee on Corporate Governance has published Recommendations on Corporate Governance, most recently updated in 2018.

i Read more The recommendations are available on the website of the Committee on Corporate Governance at corporategovernance.dk.

Danish listed companies must apply the principle of 'comply or explain' in their corporate governance reports.

Tryg is covered by the Recommendations on Corporate Governance.

This report is part of the management's review in the annual report 2019.

📄 Download Tryg's Annual report 2019.

Deviations

The Supervisory Board is of the opinion that Tryg complies with all the recommendations with the exception of item 3.4.2. as the majority of the members of the board committees cannot be deemed to be independent. However, in all Committees the majority of the General Assembly elected members are independent

➤ **See page 10** for an explanation of the deviations under items 3.4.2.

'Comply or explain'

If a company deviates from parts of the recommendations, the company has to explain the reasons for the deviations, cf. section 107 b (1) (iii) of the Danish Financial Statements Act (Årsregnskabsloven) and the Recommendations on Corporate Governance. The company has to explain why it has chosen not to comply with a recommendation and what it has chosen to do instead. Failure to comply with a recommendation is not considered a breach of rules, but merely implies that the Supervisory Board of the company has chosen a different approach. A good explanation provides specific insight for stakeholders so that they can decide on possible investments. In order to ensure the transparency necessary for investors, companies must

consider each of the recommendations and provide information on whether or not they will be complying with the recommendation concerned.

If Tryg complies partially with a recommendation, we must specify which parts we are complying with, why we are deviating from the remaining part of the recommendation, and what we have chosen to do instead.

Tryg has chosen to provide supplementary information, even in cases where we specifically meet a recommendation, as we believe that this increases transparency.

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
1. Communication and interaction by the company with its investors and other stakeholders				
1.1. Dialogue between company, shareholders and other stakeholders				
<p>1.1.1. The Committee recommends that the Supervisory Board ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the Supervisory Board to be aware of the shareholders' views, interests and opinions in relation to the company.</p>	X			<p>Tryg has an Investor Relations (IR) policy describing Tryg's IR strategy, including the type of information to be published, which languages to publish in as well as how, when and to whom information should be published. The policy also describes the strategy for selecting and attracting investor groups.</p> <p>The IR department maintains regular contact with analysts and investors. Together with the Executive Board, it organises investor meetings and conference calls and participates in conferences in Denmark and abroad. The Supervisory Board is informed of the dialogue with investors and other stakeholders on a regular basis.</p> <p>Shareholders may participate in the annual general meeting with the possibility to ask questions to the Chairman and other members of the Supervisory Board.</p> <p>Tryg issues regular press releases and company announcements in Danish and English and publishes annual and interim reports in English, which are available at tryg.com. Tryg also publish newsletters to analysts, investors and other stakeholders to give them a better understanding of Tryg as a business. This material enables all stakeholders to form a fair view of Tryg's position and development.</p> <p>Tryg including all subsidiaries ('The Group') has a number of internal guidelines which contribute to ensuring that price-sensitive information is disclosed in accordance with the stock exchange rules.</p>
<p>1.1.2. The Committee recommends that the Supervisory Board adopt policies on the company's relationship with its stakeholders, including shareholders, and that the Supervisory Board ensure that the interests of the stakeholders are respected in accordance with company policies.</p>	X			<p>Tryg has a number of policies which have been adopted by the Supervisory Board and which describe Tryg's stakeholder relations. Among other things, Tryg has an IR policy and a CR policy which describe these relations. Furthermore, Tryg has a tax policy and a policy for responsible investments, describing Tryg's strategy and actions on these topics. The policies are reviewed annually and available on tryg.com.</p>
<p>1.1.3. The Committee recommends that the company publish quarterly reports</p>	X			<p>Tryg publishes interim financial reports on a quarterly basis. Three interim financial reports and one annual report. Financial reports are available on tryg.com.</p>
1.2. General meeting				
<p>1.2.1. The Committee recommends that in organising the company's general meeting, the Supervisory Board plans the meeting to support active ownership.</p>	X			<p>Tryg holds its annual general meeting each year before the end of April, however typically before end March.</p> <p>The Supervisory Board convenes the annual general meeting in accordance with the Danish Companies Act (Selskabsloven) and Tryg's Articles of Association, giving not less than three weeks' notice, by way of a company announcement and at tryg.com. Shareholders also have the opportunity to receive the notice by post, electronically or to download it from tryg.com.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
				<p>The notice contains information about time and venue as well as an agenda for the meeting, which as a minimum includes the following items:</p> <ul style="list-style-type: none"> • Report of the Supervisory Board on the activities of the company during the past financial year. • Presentation of the annual report for adoption, including determination of the Supervisory Board's remuneration, and granting of discharge to the Supervisory Board and the Executive Board. • Adoption of resolution on the distribution of profit or covering of loss, as the case may be, according to the annual report as adopted. • Proposals from the Supervisory Board or from shareholders. • Election of members to the Supervisory Board. • Appointment of auditors. • Any other business. <p>All shareholders are encouraged to attend the annual general meeting. The Supervisory Board has resolved that annual general meetings will be held by physical attendance, as the Supervisory Board values the oral dialogue with shareholders.</p> <p>Shareholders may propose items to be included on the agenda of the annual general meeting and may ask questions before and at the actual meeting.</p>
<p>1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.</p>	<p>X</p>			<p>Shareholders may vote in person at the annual general meeting, vote by post or issue proxies to the Supervisory Board or a third party. The votes by post and proxy forms allows shareholders to consider each individual item on the agenda.</p> <p>In addition to the Supervisory Board candidates suggested by the Board, TryghedsGruppen smba, Tryg's majority shareholder, will propose candidates for election.</p> <p>At the time the Supervisory Boards convenes the annual general meeting, it is not possible to disclose who TryghedsGruppen smba will nominate as candidates to the Supervisory Board. To accommodate other shareholders it is, however, specifically stated in the articles of association that a majority of the board members must be independent of TryghedsGruppen smba.</p> <p>The date for Tryg's annual general meeting is timed to meet the need for TryghedsGruppen smba, who nominates members of Tryg's Supervisory Board, to have their annual accounts ready prior to their annual meeting and Tryg's wish to hold the annual general meeting before Q1 reporting in start April.</p> <p>The candidates nominated by TryghedsGruppen smba will be announced on tryg.com immediately following TryghedsGruppen smba's annual meeting and in no event later than 18 March 2020. Tryg will update votes by post and proxy forms and information on the candidates immediately following the announcement. CVs for the proposed candidates and updated votes by post and proxy forms will be available on Tryg's website at the time of the announcement.</p> <p>The procedure for candidates nominated by TryghedsGruppen smba is reflected in Tryg's notice convening the annual general meeting.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
1.3. Takeover bids				
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the Supervisory Board has reason to believe that a takeover bid will be made. The contingency procedures should establish that the Supervisory Board should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.	X			The Supervisory Board has set up a contingency procedure, according to which the Board, in the event of a public takeover bid, will act in accordance with the law and the Recommendations on Corporate Governance. The contingency procedure is revised at least once a year.
2. Tasks and responsibilities of the Supervisory Board				
2.1 Overall tasks and responsibilities				
2.1.1. The Committee recommends that at least once annually the Supervisory Board consider the matters that should be included in the board's performance of its work.	X			At least once a year, the Supervisory Board reviews and determines the Supervisory Board's tasks in the company's rules of procedure and annual cycle to ensure compliance with applicable laws, regulation and best practice and to ensure appropriate planning of tasks of the Supervisory Board.
2.1.2. The Committee recommends that at least once annually the Supervisory Board consider the overall strategy of the company with a view to ensuring value creation in the company.	X			The Supervisory Board holds one annual strategy seminar to discuss the Group's strategy with a view to sustaining value creation in the company. The Supervisory Board adopts Tryg's strategy at the end of each year and, together with the Executive Board, ensures implementation, development and monitoring of the company's strategy. The Supervisory Board follows up on the strategy at the ordinary meetings of the Supervisory Board in the course of the year.
2.1.3. The Committee recommends that the Supervisory Board ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the Supervisory Board explain this in the management commentary and/or on the company's website.	X			<p>The Supervisory Board ensures that Tryg has a capital and share structure ensuring that the company's strategy and long-term value creation are in the best interest of the shareholders and Tryg, and that the capital structure is compliant with the requirements applicable to Tryg as a financial undertaking.</p> <p>Tryg has adopted a capital plan and a contingency capital plan, which are reviewed each year by the Supervisory Board in order to ensure that Tryg's capital and share structures continuously are appropriate and supports Tryg's strategy and long-term value creation.</p> <p>Tryg publishes information on its capital position in the interim reports and the annual report. Each year, the Supervisory Board proposes distribution of dividend and a possible extraordinary dividend when the capital position allows such extraordinary payments.</p> <p>Tryg aims to offer a nominally stable and increasing ordinary dividend on an annual basis. The ordinary dividend is evenly distributed on a quarterly basis.</p>
2.1.4. The Committee recommends that the Supervisory Board annually review and approve guidelines for the Executive Board; this includes establishing requirements for the Executive Board's reporting to the Supervisory Board.	X			<p>The Supervisory Board annually reviews and approves the rules of procedure of the Supervisory Board and the Executive Board including relevant policies, guidelines and instructions setting out guidelines on the division of responsibilities between the Supervisory Board and the Executive Board, reporting requirements and other requirements for communication between the Supervisory Board and the Executive Board.</p> <p>Financial legislation also requires the Executive Board to disclose all relevant information to the Supervisory Board and report on substantial risks and compliance with limits defined by the Supervisory Board and in legislation. The Supervisory Board receives reports on developments in the Group's most important risk areas and on the application of the defined limits and frameworks.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
2.1.5. The Committee recommends that at least once annually, the Supervisory Board discuss the composition, developments, risks and succession plans of the Executive Board.	X			The Supervisory Board discusses the composition of the Executive Board as well as developments, risks and succession plans in connection with the annual evaluation of the Executive Board and regularly in connection with the meetings of the Supervisory Board.
2.2. Corporate social responsibility				
2.2.1. The Committee recommends that the Supervisory Board adopt policies on corporate social responsibility.	X			<p>Tryg's approach and targets for Corporate Responsibility (CR) are described in Tryg's CR policy, which is approved by the Supervisory Board each year.</p> <p>The CR policy guides the processes of fulfilling the obligations imposed on Tryg by applicable legislation, meeting the responsibility derived from the UN Global Compact and contributing to the UN Sustainable Development Goals. Tryg respects the UN Principles for Responsible Investment (UN PRI) and select external asset managers who are UN PRI signatories. Affiliated to the Corporate Responsibility policy are independent policies and guidelines underlying processes which contribute to realising our Corporate Responsibility obligations:</p> <ul style="list-style-type: none"> • Action plan for diversity including women in management • Responsible investment policy • Policy for execution of active ownership • Code of Conduct • Anti-corruption policy • Tax policy • Remuneration policy • Personal Data Policy • Competency and diversity policy • Whistleblower guideline <p>The statutory Corporate Responsibility report is available in Tryg's annual report and additionally, Tryg publishes an independent Corporate Responsibility report.</p>
2.3. Chairman and vice-chairman of the Supervisory Board				
2.3.1. The Committee recommends appointing a vice chairman of the Supervisory Board, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	X			<p>The Supervisory Board is headed by a Chairman and a Deputy Chairman.</p> <p>The rules of procedure contain a general description of the Chairman's and the Deputy Chairman's tasks, duties and responsibilities. The Deputy Chairman assumes the responsibilities of the Chairman in the event of the Chairman's absence, and acts as a sparring partner for the Chairman. The Chairman and Deputy Chairman hold preparatory meetings with the Executive Board before all Supervisory Board meetings.</p>
2.3.2. The Committee recommends that, if the Supervisory Board, in exceptional cases, asks the chairman of the Supervisory Board or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the Supervisory Board maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.	X			<p>The rules of procedure of the Supervisory Board states that board members may not perform any work for Tryg without a prior board decision to that effect being made by the Supervisory Board. Furthermore, such work must be of a non-recurring nature.</p> <p>Any agreements on the Chairman's or other board members participation in special activities for Tryg, including day-to-day management, and the expected duration thereof will be disclosed in a company announcement.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
3. Composition and organisation of the Supervisory Board				
3.1 Composition				
<p>3.1.1. The Committee recommends that the Supervisory Board annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> the competencies that it must have to best perform its tasks, the composition of the Supervisory Board, and the special competencies of each member. 	X			<p>The Supervisory Board has adopted a competency- and diversity policy, setting out which competencies the Supervisory Board must have at its disposal to best perform its tasks.</p> <p>The competencies set out in the policy are;</p> <p>Board Competencies</p> <ul style="list-style-type: none"> Business Judgement Problem Solving Networking Risk Management Succession Management <p>Operational Competencies</p> <ul style="list-style-type: none"> General Management CFO/Audit People & Organisation Business Development Financial Services Risk & Regulatory Insurance – commercial & product Insurance – technical/financial modelling <p>Strategic competencies</p> <ul style="list-style-type: none"> Digitalisation Value Chain Optimisation Customer Journey <p>The competency- and diversity policy is available at tryg.com.</p> <p>Tryg's Supervisory Board looks for well-balanced diversion of the board member's competencies and carries out an annual evaluation of the Board's work and the board member's competencies to assess whether the Supervisory Board has the required skills, or whether the expertise of its members need to be updated in some respect.</p> <p>In addition to the mandatory board education, new board members are given an introduction to Tryg. Further, all board members participate in annual upgrading competencies courses.</p> <p>The Board seeks a well-balanced diversion of age, gender and competencies in the composition of its members.</p> <p>The composition of the Board and the competencies of the individual candidates are available on tryg.com and annually accounted for in the management commentary and at the annual general meeting.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>3.1.2. The Committee recommends that the Supervisory Board annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	X			<p>The Supervisory Board is focused on relevant diversity at management levels ensuring adequate collective knowledge, competencies and experience to understand Tryg's activities and associated risk.</p> <p>The Supervisory Board discuss, update and approve a Competency- and Diversity Policy at least once per year to ensure that when recruiting new members to the Board, the Supervisory Board promotes the necessary diversity of the Board. The Competency- and Diversity Policy is published on Tryg's website.</p> <p>Furthermore, Tryg's CR policy includes an action plan for diversity including women in management. Both policies are published on tryg.com.</p>
<p>3.1.3. The Committee recommends that the selection and nomination of candidates for the Supervisory Board be carried out through a careful and transparent process approved by the Supervisory Board. When assessing its composition and nominating new candidates, the Supervisory Board should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>	X			<p>The Supervisory Board has adopted a Competency- and Diversity Policy, wherein the thorough and transparent process of selecting new board members is described in detail.</p> <p>The Nomination Committee sets up recommendations for required board competencies; selects new candidates for the other board seats and presents its recommendation for the election of candidates to the Supervisory Board. In addition to the candidates nominated by Tryg, TryghedsGruppen smba also nominates candidates to the Supervisory Board of Tryg A/S.</p> <p>Prior to the election of new members, a description of the candidates' background, executive functions, professional qualifications and experience are prepared. A balanced distribution with respect to, among other things, age, international experience and gender is sought in the composition of the Supervisory Board, and the need for integrating new talent is considered as well as the need for different competencies which contribute to ensuring that the Supervisory Board can perform its tasks in the best possible manner.</p> <p>The Supervisory Board is made up of members from Denmark, Sweden and Norway. Six members of the Supervisory Board are women, including two female employee representatives.</p>
<p>3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the Supervisory Board, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and • demanding organisational tasks. <p>Furthermore, it should be indicated if the candidates to the Supervisory Board are considered independent.</p>	X			<p>Nomination of board members made by Tryg's Supervisory Board is accompanied by a description of the candidate's competencies mentioned in item 3.1.3., in the notice convening the annual general meeting and at tryg.com. The notice also refers to tryg.com for a further description of the candidates.</p> <p>As for the candidates nominated by TryghedsGruppen smba the description of these candidate's competencies will, as described in item 1.2.2, be announced on tryg.com immediately following TryghedsGruppen smba's annual meeting where the candidates are nominated. The voting process for candidates nominated by TryghedsGruppen smba is reflected in Tryg's notice convening the annual general meeting.</p> <p>The description of the nominated candidates' qualifications in the notice convening the annual general meeting and at tryg.com include information about the candidates' other executive functions in Danish and foreign enterprises and demanding organisational tasks, as well as information on whether the candidates to the Supervisory Board are considered independent.</p>
<p>3.1.5. The Committee recommends that members of the company's Executive Board be not members of the Supervisory Board and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	X			<p>According to the Supervisory Boards rules of procedure a current or former member of the Executive Board cannot be a member of the Supervisory Board.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
3.1.6. The Committee recommends that members of the Supervisory Board elected by the general meeting be up for election every year at the annual general meeting.	X			According to Tryg's Articles of Association, members of the Supervisory Board elected by the general meeting are up for election every year at the annual general meeting.
3.2. Independence of the Supervisory Board				
<p>3.2.1. The Committee recommends that at least half of the members of the Supervisory Board elected by the general meeting be independent persons, in order for the Supervisory Board to be able to act independently of special interests. To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the Executive Board, or senior staff member in the company, a subsidiary or an associated company, • within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the Supervisory Board, • represent or be associated with a controlling shareholder, • within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company. • be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting, • be part of the executive management in a company with cross-management representation in the company, • have been a member of the Supervisory Board for more than 12 years, or • be a close relative with persons who are not considered independent. <p>Even if a member of the Supervisory Board is not covered by the above criteria, certain conditions may exist that will lead the Supervisory Board to decide that one or more members cannot be regarded as independent.</p>	X			<p>According to Tryg's Articles of Association, a maximum of nine members of the Supervisory Board can be elected by the annual general meeting for a term of one year and at least half of the board members elected by the general meeting shall be independent.</p> <p>The current Supervisory Board consist of eight members elected by the general meeting and four employee-elected board members.</p> <p>Of the board members elected by the general meeting five members are independent and three members are considered non-independent due to the members relation with TryghedsGruppen smba.</p> <p>Information about the individual board members' independence or non-independence is included in the members CVs published on tryg.com and in the annual report.</p>
3.3. Members of the Supervisory Board and the number of other executive functions				
3.3.1. The Committee recommends that each member of the Supervisory Board assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.	X			<p>The assessment of overboarding is addressed once a year as part the evaluation of the Supervisory Board and when the Board nominates candidates for the annual election of board members in order to ensure that each board member is able spend adequate time and attention to perform the board duties in Tryg in a satisfactory manner. In the assessment the following parameters are taken into consideration: the actual number of positions, the complexity of the positions, whether the company's are listed, attendance and actual contribution on board meetings and whether the board member is professional board member or holds any positions at C-level. Furthermore, each board member is responsible for regularly assessing the adequate number of functions each member can handle in satisfactory manner.</p> <p>The Supervisory Board and the individual board members deem that each member has adequate time and resources to perform their duties as a Supervisory Board member of Tryg in a satisfactory manner.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the Supervisory Board:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the person in question, • the person's competencies and qualifications that are relevant to the company • whether the member is considered independent, • the member's date of appointment to the Supervisory Board, • expiry of the current election term, • the member's participation in the meetings on the Supervisory Board and committee meetings, • other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and • the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year. 	X			<p>The management's review in the annual report contains information on the members of the Supervisory Board, including their position, age and gender, relevant competencies and qualifications, independence, date of appointment to the Board, expiry of the current election period, participation in the meetings on the Supervisory Board and committee meetings, other management functions in Danish and foreign enterprises and demanding organisational tasks, the number of shares they hold and changes in these holdings during the financial year.</p>
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	X			<p>According to the Supervisory Boards rules of procedure the Supervisory Boards annual evaluation procedure include what is regarded as a reasonable level for the number of other management functions. In the assessment the following parameters are taken into consideration: the actual number of positions, the complexity of the positions, whether the company's are listed, attendance and actual contribution on board meetings and whether the board member is professional board member or holds any positions at C-level. The evaluation procedure and the overall findings is described in the management's review and on tryg.com.</p>
<p>3.4 Board committees</p>				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference of the board committees, • the most important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies. 	X			<p>Tryg's Supervisory Board has an Audit Committee, a Risk Committee, a Nomination Committee, a Remuneration Committee and an IT-Data Committee.</p> <p>Tryg.com contains information on the committees' terms of reference, most important activities during the year and the number of meetings held by each committee, the names of the members, including the chairmen, as well as information on which members are independent members and which members have special competencies.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>		X		<p>A majority of the general assembly elected members of all board committees are independent. Committee members are elected primarily on the basis of their special skills that are considered important by the Supervisory Board. It is also considered important to involve employee representatives in the committees. There are employee representatives on three of the five committees appointed.</p> <p>Audit Committee; All members of the Audit Committee are independent.</p> <p>Risk Committee; Three out of four members of the Risk Committee, including the chairman of the committee, are independent.</p> <p>Nomination Committee; Two out of three members of the Nomination Committee including the chairman of the committee are independent.</p> <p>Remuneration Committee; Two out of the three general assembly elected members of the Remuneration Committee including the chairman of the committee are independent. The fourth member is employee representative.</p> <p>IT-Data Committee; Two out of the three general assembly elected members of the IT-Data Committee including the chairmen of the committee are independent. The fourth member is employee representative.</p>
<p>3.4.3. The Committee recommends that the members of the Supervisory Board set up among its members an audit committee and that a chairman is appointed who is not the chairman of the Supervisory Board.</p>	X			<p>The members of the Supervisory Board have set-up an Audit Committee, of which the Deputy Chairman of the Supervisory Board is Chairman. The Chairman of the Supervisory Board is not a member of the Audit Committee.</p> <p>The Audit Committee possess expertise and experience to provide updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</p> <p>The Audit Committee has an annual cycle of work which identifies the committee's key tasks. The Audit Committee meets at least four times a year.</p> <p>The committee's terms of reference are available at tryg.com.</p>
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the Supervisory Board about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	X			<p>The Audit Committee monitors and reports to the Supervisory Board on the matters listed in item 3.4.4. at board meetings where the annual report and other financial reports are approved by the entire Supervisory Board.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function, ensure that if an internal audit has been established, a description of its functions and approved by the Supervisory Board, ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and monitor the Executive Board's follow-up on the conclusions and recommendations of the internal audit function. 	X			<p>As a financial institution, Tryg has an internal audit department as required by law.</p> <p>The Audit Committee annually assess and submits recommendations on selecting, appointing and dismissing the head of the internal audit department and on the department's budget.</p> <p>A description of Tryg's internal audit functions and duties is available on tryg.com and approved by the Supervisory Board. It is deemed that the internal audit department has adequate resources and competencies to perform its duties in a satisfactory manner.</p> <p>The Audit Committee monitors the Executive Board's follow-up on the internal audit department's conclusions and recommendations.</p>
<p>3.4.6. The Committee recommends that the Supervisory Board establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> describing the qualifications required by the Supervisory Board and the Executive Board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies, annually assessing the structure, size, composition and results of the Supervisory Board and the Executive Board and recommend any changes to the Supervisory Board, annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the Supervisory Board in this respect, recommending candidates for the Supervisory Board and the Executive Board, and proposing an action plan to the Supervisory Board on the future composition of the Supervisory Board, including proposals for specific changes. 	X			<p>In accordance with the Supervisory Board's rules of procedure, Tryg has a Nomination Committee.</p> <p>The purpose of the Nomination Committee is to ensure the right composition and size of the Executive Board and the Supervisory Board, which comprises the preparatory tasks mentioned under this item. When selecting candidates for the Supervisory Board, external assistance is used, if necessary.</p> <p>The Nomination Committee's tasks described in this recommendation are reflected in the committee's terms of reference, which are available at tryg.com.</p>
<p>3.4.7. The Committee recommends that the Supervisory Board establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> recommending the remuneration policy (including the 'General Guidelines for incentive-based Remuneration') to the Supervisory Board and the Executive Board for approval by the Supervisory Board prior to approval by the general meeting, making proposals to the Supervisory Board on remuneration for members of the Supervisory Board and the Executive Board, as well as ensuring that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the Supervisory Board and the Executive Board receive from other companies in the group, recommending a remuneration policy applicable for the company in general and assisting with the preparation of the annual remuneration report. 	X			<p>In accordance with the Supervisory Board's rules of procedure, Tryg has a Remuneration Committee. The committee has four members elected by the Supervisory Board. The Chairman of the Supervisory Board is Chairman of the Remuneration Committee. Furthermore, at least one member of TryghedsGruppen and at least one independent board member must be represented on the Remuneration Committee.</p> <p>The Remuneration Committee is responsible for the tasks described in this recommendation, which is reflected in the terms of reference for the Remuneration Committee, which is available on tryg.com.</p>
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the Executive Board of the company.</p>	X			<p>The Remuneration Committee and the Executive Board do not consult with the same external advisers.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
3.5. Evaluation of the performance of the Supervisory Board and the Executive Board				
<p>3.5.1. The Committee recommends that the Supervisory Board establish an evaluation procedure for an annual evaluation of the Supervisory Board and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> • contribution and results, • cooperation with the Executive Board, • the chairman's leadership of the Supervisory Board, • the composition of the Supervisory Board (including competencies, diversity and the number of members), • the work in the committees and the committee structure, and • the organisation and quality of the material that is submitted to the Supervisory Board. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the Supervisory Board, including the process and general conclusions on the general meeting prior to the election of the Supervisory Board.</p>	X			<p>The Supervisory Board has established an evaluation procedure for an annual evaluation of the Supervisory Board and the individual members. The evaluation includes the subject described in this recommendation and include assessing the composition of the Supervisory Board and the qualifications, contributions and results of the Supervisory Board and the individual members, the Chairman's leadership of the Supervisory Board, the work in the committees and the committee structure as well as their cooperation with the Executive Board.</p> <p>External assistance is obtained at least every third year.</p> <p>The evaluation of the individual members includes interviews with the chairman of the Supervisory Board with a view to develop the Board's work. The outcome is subsequently discussed at a meeting of the Supervisory Board.</p> <p>The evaluation procedure and the general conclusions are described in the management commentary and on tryg.com.</p>
<p>3.5.2. The Committee recommends that at least once annually, the Supervisory Board evaluate the work and performance of the Executive Board in accordance with pre-defined criteria. Furthermore, the Supervisory Board should evaluate the need for changes to the structure and composition of the Executive Board, in light of the company's strategy.</p>	X			<p>The Supervisory Board evaluates the work and performance of the Executive Board in accordance with pre-defined and clear criteria on an ongoing basis and discusses this at least annually. Furthermore, the Supervisory Board evaluate the need for changes to the structure and composition of the Executive Board in the light of Tryg's strategy.</p>
<p>3.5.3. The Committee recommends that the Executive Board and the Supervisory Board establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the Supervisory Board and the chief executive officer, and that the outcome of the evaluation be presented to the Supervisory Board.</p>	X			<p>The Executive Board and the Supervisory Board have established a procedure where the Supervisory Board carries out an annual evaluation of the work and performance of the Executive Board and of the cooperation between the Supervisory Board and the Executive Board. The outcome of the evaluation is presented to the Supervisory Board.</p>
4. Remuneration of management				
4.1. Form and content of the remuneration policy				
<p>4.1.1. The Committee recommends that the Supervisory Board prepare a remuneration policy for the Supervisory Board and the Executive Board, which includes</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the Supervisory Board and the Executive Board, • the reasons for choosing the individual components of the remuneration, • a description of the criteria that form the basis for the balance between the individual components of the remuneration, and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	X			<p>Tryg's remuneration policy applies to Tryg in general and contains specific schemes for the Supervisory Board, the Executive Board and other employees in Tryg, whose activities have a material impact on the risk profile of the company, so-called risk takers. The policy contains general guidelines for incentive-based remuneration.</p> <p>Tryg's remuneration policy contains a detailed description of the remuneration for members of the Supervisory Board and the Executive Board, the reasons for choosing the individual components of the remuneration and a description of the criteria applicable for variable remuneration components. The remuneration policy is in accordance with Tryg's overall strategy, values and long-term goals and targets.</p> <p>Tryg's remuneration policy was most recently adopted by the general meeting on 15 March 2019.</p> <p>The remuneration policy is available at tryg.com.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>4.1.2. The Committee recommends that if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term, • clarity be established about performance criteria and measurability for the award of variable components, • it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and • it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 	X			<p>The remuneration policy</p> <ul style="list-style-type: none"> • includes limits on the variable components of the total remuneration package, as the Supervisory Board is only paid a fixed remuneration, while the Executive Board may receive a variable component of up to 50% of the base salary, including pension and benefits. • ensures a reasonable and balanced linkage between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms. <p>The Executive Board receives for the performance year 2019 the variable components as a Matching Shares Programme.</p> <p>The Matching Shares Programme contains a retention element, and the programme ensures that the interests of the executives and shareholders are aligned. The performance criteria are a combination of specific financial KPI's and strategic deliveries. For 2019 the targets were based on technical result, Transactional Net Promoter Score, employee satisfaction, incorporation of Alka and Strategy implementation.</p> <p>The members of the Executive Board may buy co-called investment shares in Tryg A/S at market price by use of taxed funds for an agreed amount which specifically for the performance year 2019 may not exceed 35 % of their base salary including pension and benefits.</p> <p>Four years after the purchase of the investment shares, the members of the Executive Board are granted a corresponding number of free shares in Tryg, so-called Matching Shares.</p> <p>Vesting of Matching Shares is conditional on Tryg meeting the applicable capital and solvency requirements at the time of matching and on Tryg's financial situation not having been weakened significantly compared to the situation when the scheme was established, and on the member of the Executive Board not having been involved in, or been responsible for, any significant loss-inducing behaviour or in any other way failed to observe suitable requirements for eligibility and integrity. Variable salary components may be 'clawed back' partially or in full if the variable salary component was paid out on the basis of information which can subsequently be proved to be faulty and if the recipient was in bad faith. The agreements entered with the Executive Board concerning the Matching Shares Programme ensures that the requirements on deferred variable pay elements are fulfilled.</p> <p>From the performance year 2020 the variable pay elements is allotted as conditional shares.</p>
<p>4.1.3. The Committee recommends that remuneration of members of the Supervisory Board does not include share options or warrants.</p>	X			<p>The remuneration of the Supervisory Board does not include any share-based remuneration.</p>
<p>4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	X			<p>The Incentive Programme for the Executive Board is granted each year – a so-called rolling programme, conditional upon the fulfillment of performance targets for the previous financial year. As a new programme is rolled out every year, and then runs over the following four-year period, the Executive Board members will – at any given point in time – participate in four incentive programmes after having been a member of the Executive Board for four years.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	X			<p>The maximum period of notice that may be agreed on Tryg's part is 12 months for the Executive Board. In special cases, a 24-month period of notice may be agreed on Tryg's part on commencement of or during the employment. This may, for example, be in connection with considerations regarding acquisition or sale of business units. The total extent of the period of notice and severance pay must, however, not exceed 24 months' total remuneration, including all salary components.</p> <p>On employment of an Executive Board member, an agreement may be entered into on severance pay of up to 12 months' salary, on notice of dismissal by Tryg, without the Executive Officer being responsible for such termination. However, the current Group CEO is entitled to 18 months' severance pay. This agreement was entered into in 2011.</p> <p>For two members of the current Executive Board, 36 months' severance pay has been agreed in a change of control clause in their employment contracts. These agreements were entered into in 2011.</p>
4.2. Disclosure of remuneration				
<p>4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p>	X			<p>The Chairman of the Supervisory Board reports on Tryg's remuneration policy each year in connection with the presentation of the annual report at the annual general meeting.</p>
<p>4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the Supervisory Board for the current financial year.</p>	X			<p>The proposal for remuneration to the Supervisory Board of Tryg for the current financial year is submitted for approval by the shareholders at the annual general meeting.</p>
<p>4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the Supervisory Board and the Executive Board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>	X			<p>Tryg has in 2019 published a remuneration report for the financial year 2018, which details salary components for the Supervisory Board, the Executive Board and in addition the salary components for Risk Takers in Tryg pursuant to the rules in the Remuneration Order ('Lønbevægtelses').</p> <p>The Remuneration report is published on tryg.com.</p>
5. Financial reporting, risk management and audits				
5.1. Identification of risks and transparency about other relevant information				
<p>5.1.1. The Committee recommends that the Supervisory Board consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p>	X			<p>In the management commentary, the Supervisory Board reviews and accounts for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for Tryg's risk management.</p> <p>Being an insurance business, Tryg is subject to the risk management requirements set out in the Danish Financial Business Act (Lov om finansiel virksomhed) and Solvency II. The Supervisory Board uses policies to define a risk management framework in Tryg in the areas of insurance risk, investment risk, compliance risk, internal model risk and operational risk including outsourcing as well as IT security.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
				<p>The Supervisory Board's Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the Supervisory Board.</p> <p>The Supervisory Board's Audit Committee monitors risks in connection with the financial reporting and reports on this quarterly to the Supervisory Board.</p> <p>Tryg engages in an ongoing risk identification process, mapping insurance risks and other risks which may endanger the realisation of Tryg's strategy or which may have a potentially substantial impact on Tryg's financial position. The process involves identifying and continually monitoring the risks identified. As in previous years, Tryg undertook an Own Risk and Solvency Assessment (ORSA) in 2018.</p> <p>The purpose of the ORSA is for the Supervisory Board to assess whether the solvency capital requirement has adequately taken into account the impact of all significant risks over the coming 12 months as well as the ability to comply with the solvency capital requirement within this period and within the current strategy period – until 2020. Tryg's risk activities are implemented via continuous risk management processes, where the main results are reported to the Supervisory Board and the Risk Committee during the year. The ORSA report is an annual summary document assessing all these processes.</p>
5.2. Whistleblower scheme				
5.2.1. The Committee recommends that the Supervisory Board establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	X			Tryg has a whistleblower scheme, which allows employees, customers, shareholders and business partners to report any serious wrongdoing or suspected irregularities. Reporting takes place in confidence to the Chairman of the Audit Committee and Tryg's Compliance function. The Chairman of the Audit Committee accounts for any reports received by the Audit Committee.
5.3. Contact to auditor				
5.3.1. The Committee recommends that the Supervisory Board ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the Supervisory Board, including that the Supervisory Board and the audit committee meet with the auditor elected by the general meeting at least once annually without the Executive Board present. This also applies to the internal auditor, if any.	X			<p>The Supervisory Board ensures that the Group is monitored by competent and independent auditors. The Group's Head of internal audit function attends all board meetings. The independent auditor attends the annual board meeting at which the annual report is presented.</p> <p>Each year, the annual general meeting appoints an independent auditor recommended by the Supervisory Board. In connection with the Supervisory Board's review of the annual report, it discusses the accounting policies and other issues. The results of the audit are discussed by the Audit Committee and at meetings of the Supervisory Board for the purpose of assessing the auditor's observations and conclusions. The internal and independent auditors' long-form audit reports are reviewed by the Supervisory Board at each meeting of the Supervisory Board.</p>
5.3.2. The Committee recommends that the audit agreement and auditor's fee be agreed by the Supervisory Board and the auditor elected by the general meeting based on a recommendation from the audit committee.	X			<p>At least once a year, the internal and external auditors meet with the Audit Committee without the presence of the Executive Board. The Audit Committee handles any matters that need to be reported to the Supervisory Board.</p> <p>The Audit Committee is presented with a proposal for the external auditors' fee for the coming year when the audit plan is reviewed. On this basis, the Audit Committee recommends that the Supervisory Board approves the independent auditors' fee.</p> <p>Every quarter, the Audit Committee reviews the framework for the independent auditors' performance of non-audit services.</p>