



Statutory corporate governance report 2015

# Statutory corporate governance report pursuant to section 107 b of the Danish Financial Statements Act

The Committee on Corporate Governance has published Recommendations on Corporate Governance, most recently updated in 2014. The Committee has focused on simplifying the recommendations and has, among other things, omitted recommendations on matters which have either been laid down in legislation or which have largely been incorporated into company practice. In addition to this, the Committee on Corporate Governance has focused on the composition of management, the framework for active ownership and companies' value creation.

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. The recommendations are available on the website of the Committee on Corporate Governance at [corporategovernance.dk](http://corporategovernance.dk).

This report is a part of the management's review in the annual report 2015.  [Download Tryg's Annual report 2015.](#)

## 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 persons.  [See page 9 for an explanation of the deviation under item 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 create 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
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>				
<b>1.1. Dialogue between the company, shareholders and other stakeholders</b>				
1.1.1. The Committee recommends that the Supervisory Board ensures ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the Supervisory Board to be aware of the shareholders' views, interests and opinions on the company.	X			<p>Tryg has an Investor Relations 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 Investor Relations 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 and 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. This material enables all stakeholders to form a fair view of Tryg's position and development.</p> <p>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>
1.1.2. The Committee recommends that the Supervisory Board adopts policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the Board ensures that the interests of the shareholders are respected in accordance with company policies.	X			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 Investor Relations policy and a CSR policy which describe these relations. In 2015, the Supervisory Board adopted a tax policy, which is anchored in the Audit Committee.
1.1.3. The Committee recommends that the company publish quarterly reports.	X			Tryg publishes interim financial reports each quarter.
<b>1.2. General meeting</b>				
1.2.1. The Committee recommends that, when organising the company's general meeting, the Supervisory Board plans the meeting to support active ownership.	X			<p>Tryg holds its annual general meeting each year before the end of April. 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> <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"> <li>• Report of the Supervisory Board on the activities of the company during the past financial year.</li> <li>• 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.</li> </ul>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
				<ul style="list-style-type: none"> <li>• Adoption of resolution on the distribution of profit or covering of loss, as the case may be, according to the annual report as adopted.</li> <li>• Proposals from the Supervisory Board or from shareholders.</li> <li>• Election of members to the Supervisory Board.</li> <li>• Appointment of auditors.</li> <li>• Any other business.</li> </ul> <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>
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			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 proxy allows shareholders to consider each individual item on the agenda.
<b>1.3. Takeover bids</b>				
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. According to such contingency procedures, 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.
<b>2. Tasks and responsibilities of the Supervisory Board</b>				
<b>2.1 Overall tasks and responsibilities</b>				
2.1.1. The Committee recommends that at least once a year the Supervisory Board takes a position on the matters related to the Board's performance of its responsibilities.	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.
2.1.2. The Committee recommends that at least once a year the Supervisory Board takes a position on 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 the 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.

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>2.1.3. The Committee recommends that the Supervisory Board ensures that the company has a capital and share structure ensuring 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 presents this in the management's review in the company's annual report and/or on the company's website.</p>	X			<p>The Supervisory Board ensures that Tryg has a capital and share structure ensuring that the strategy and long-term value creation are in the best interest of the shareholders, and that the capital structure is compliant with the requirements applicable to Tryg as a financial undertaking. Tryg has adopted a capital plan and a contingency capital plan, which are reviewed each year by the Supervisory Board.</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 share buy back. In 2015, Tryg introduced a semi-annual dividend. In 2015, the annual general meeting authorised the Supervisory Board to allow Tryg to acquire own shares amounting to maximum 10% of the share capital up to 25 March 2020. On 2 January 2015, Tryg initiated a share buy back programme, under which Tryg acquired DKK 1,000m worth of own shares in the period from 2 January 2015 to 18 December 2015. As it is necessary to reduce the capital further, Tryg is planning to initiate a new share buy back of DKK 1,000m once approved by the Danish Financial Supervisory Authority. This will run until the end of 2016.</p>
<p>2.1.4. The Committee recommends that the Supervisory Board annually reviews and approves guidelines for the Executive Board; this includes establishing requirements for the Executive Board on timely, accurate and adequate reporting to the Supervisory Board.</p>	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>
<p>2.1.5. The Committee recommends that at least once a year the Supervisory Board discusses the composition of the Executive Board, as well as developments, risks and succession plans.</p>	X			<p>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.</p>
<p>2.1.6. The Committee recommends that once a year the Supervisory Board discusses the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management's review in the company's annual report and/or on the website of the company.</p>	X			<p>The Supervisory Board has a diversity policy describing the requirements concerning diversity in the Supervisory Board. The policy is available at <a href="http://tryg.com">tryg.com</a>.</p> <p>Every year, the Supervisory Board discusses the company's activities to ensure diversity at management levels. Tryg attaches great importance to diversity at management levels and has an action plan which is to guarantee equal access to managerial positions for men and women subject to the usual requirements for high quality when employing people. The share of women at management level was 35.4% in 2015. It is Tryg's target to increase the total share of women in management to 38% in 2016.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<b>2.2. Corporate social responsibility</b>				
2.2.1 The Committee recommends that the Supervisory Board adopts policies on corporate social responsibility.	X			<p>Tryg's approach to and targets for social responsibility are described in its CSR policy, which is approved by the Supervisory Board each year. In connection with the CSR policy, an action plan for women at management level is adopted, laying down targets for the following year. The CSR policy is based on:</p> <ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• UN Guiding Principles for Business and Human Rights</li> </ul> <p>Our monitoring and reporting is based on indicators in the Global Reporting Initiative.</p>
<b>2.3. Chairman and vice-chairman of the Supervisory Board</b>				
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			The Supervisory Board is headed by a Chairman and a Deputy Chairman. 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 also acts as a discussion partner for the Chairman. The Chairman and Deputy Chairman hold preparatory meetings with the Executive Board before all meetings of the Supervisory Board.
2.3.2. The Committee recommends ensuring that, if the Supervisory Board, in exceptional cases, asks the chairman of the Supervisory Board to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the Supervisory Board maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	X			The rules of procedure of the Supervisory Board states that members may not perform work for Tryg without a prior decision to that effect being made by the Supervisory Board. Furthermore, such work must be of a non-recurring nature. Any agreements on the Chairman's participation in the day-to-day management and the expected duration thereof will be disclosed in a company announcement.
<b>3. Composition and organisation of the Supervisory Board</b>				
<b>3.1. Composition</b>				
3.1.1 The Committee recommends that the Supervisory Board annually accounts for <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the Supervisory Board, and</li> <li>• the special skills of each member.</li> </ul>	X			<p>The Supervisory Board has adopted a diversity policy, setting out which skills the Board must have at its disposal to best perform its tasks.</p> <p>Focus is on skills in the fields of: management experience, financial insight, organisation, IT, product development, communication, market insight, international experience, knowledge of insurance, reinsurance, capital requirements, general accounting insight and accounting principles (GAAP), including regulations and principles designed for the insurance industry and M&amp;A experience. The diversity policy is available at tryg.com. Each year, the Supervisory Board reports on the composition of the Board and the skills of the individual candidates to 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 selection and nomination of candidates for the Supervisory Board be carried out through a thoroughly transparent process approved by the overall Supervisory Board. When assessing its composition and nominating new candidates, the Supervisory Board must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	X			<p>The process of selecting new board members is thorough and transparent for the board members and is described in detail in Tryg's diversity policy. The Articles of Association stipulate that the Chairman of the Supervisory Board of TryghedsGruppen smba is also the Chairman of the Supervisory Board of Tryg A/S. Furthermore, the Supervisory Board of TryghedsGruppen smba recommends three members for the Supervisory Board of Tryg A/S from among the members of TryghedsGruppen smba's Supervisory Board. The Nomination Committee selects new candidates for the other board posts and presents its recommendation for the election of candidates to the Supervisory Board. The Supervisory Board is made up of members from Denmark, Sweden and Norway. Seven members of the Supervisory Board are women, including three female employee representatives.</p> <p>Prior to the election of new members, the Supervisory Board prepares a description of the candidates' background, executive functions, professional qualifications and experience. 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 skills which contribute to ensuring that the Supervisory Board can perform its tasks in the best possible manner.</p>
<p>3.1.3. The Committee recommends that the notice convening the general meeting when election of members to the Supervisory Board is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships of executive boards, supervisory boards and supervisory committees, including board committees in foreign enterprises,</li> <li>• demanding organisational tasks, and information about</li> <li>• whether candidates to the Supervisory Board are considered independent.</li> </ul>	X			<p>The descriptions of the skills mentioned in item 3.1.2. can be found 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>In the section on the Supervisory Board in the annual report and at tryg.com, the nominated candidates' qualifications and other executive functions and demanding organisational tasks are described, and information is provided about whether candidates to the Supervisory Board are considered independent.</p>
<p>3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the Supervisory Board.</p>	X			<p>To ensure that new talent is introduced on the Supervisory Board, the Articles of Association of Tryg A/S contains provisions stipulating that members elected by the annual general meeting may hold office for a maximum of nine years. Furthermore, members of the Supervisory Board must retire at the first annual general meeting in the year following their 70th birthday.</p>
<p>3.1.5. 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.</p>	X			<p>According to the Articles of Association of Tryg A/S, members of the Supervisory Board elected by the general meeting are up for election every year at the annual general meeting.</p>
<p><b>3.2. Independence of the Supervisory Board</b></p>				
<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.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been member of the Executive Board, or senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>• within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the Supervisory Board,</li> </ul>	X			<p>Eight members of the Supervisory Board are elected by the annual general meeting for a term of one year. According to the Articles of Association, four out of the eight members elected by the general meeting are independent.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<ul style="list-style-type: none"> <li>• represent the interests of a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive board in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been chief executive in a company holding cross-memberships with the company,</li> <li>• have been member of the Supervisory Board for more than 12 years, or</li> <li>• have been close relatives with persons who are not considered independent.</li> </ul>				
<b>3.3. Members of the Supervisory Board and the number of other executive functions</b>				
3.3.1. The Committee recommends that each member of the Supervisory Board assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.	X			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.
3.3.2. The Committee recommends that management's review, in addition to the provisions laid down by legislation, includes the following information about the members of the Supervisory Board: <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the Supervisory Board of the member,</li> <li>• expiry of the current election period,</li> <li>• other executive functions, e.g. memberships of executive boards, supervisory boards, and supervisory committees, including board committees in foreign enterprises and demanding organisational tasks, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	X			The management's review in the annual report contains information on the members of the Supervisory Board, including their position, age and gender, independence, date of appointment to the Board, expiry of the current election period, other executive functions, demanding organisational tasks and the number of shares they hold.
<b>3.4. Board committees</b>				
3.4.1. The Committee recommends that the company publishes the following on the company's website: <ul style="list-style-type: none"> <li>• the terms of reference of the board committees,</li> <li>• the most important activities of the committees during the year, and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	X			Tryg's Supervisory Board has set up an Audit Committee, a Risk Committee, a Nomination Committee and a Remuneration Committee.  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 qualifications.

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>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 in two of the four committees appointed.</p> <p>Tryg complies partially with this recommendation. Three out of four members of the Audit Committee and three out of five of the Risk Committee, including the chairmen of the committees, are independent. Consequently, Tryg complies with the recommendation concerning the Audit and Risk Committees. One out of the four members of the Remuneration Committee is independent hence Tryg does not comply with this recommendation concerning the Remuneration Committee.</p> <p>This recommendation is not being fully complied with, as Tryg considers it important to involve employee representatives in the committee, and has chosen to appoint the Chairman of the Supervisory Board Chairman of the Remuneration Committee too. One of the two members of the Nomination Committee is independent, as this committee consists of the Chairmanship. Tryg considers it to be sufficient to have two members of the Supervisory Board on the Nomination.</p>
<p>3.4.3. The Committee recommends that the Supervisory Board sets up a formal audit committee composed such that</p> <ul style="list-style-type: none"> <li>the chairman of the Supervisory Board is not chairman of the audit committee, and</li> <li>between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	X			<p>Tryg has an Audit Committee, of which the Deputy Chairman of the Supervisory Board is Chairman.</p> <p>The Supervisory Board is of the opinion that between them, the members possess such expertise and experience as 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. 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 <a href="http://tryg.com">tryg.com</a>.</p>
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the Supervisory Board about:</p> <ul style="list-style-type: none"> <li>significant accounting policies,</li> <li>significant accounting estimates,</li> <li>related-party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	X			<p>The Audit Committee monitors and reports to the Supervisory Board on the matters listed in item 3.4.4. at the meeting at which the annual report is approved.</p>
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> <li>annually assess the need for an internal audit, and in such case, make recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>monitor the Executive Board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X			<p>Tryg has an internal audit department as required by law. The Audit Committee submits recommendations on selecting, appointing and dismissing the head of the internal audit department and on the department's budget. The committee monitors the Executive Board's follow-up on the internal audit department's conclusions and recommendations.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<p>3.4.6. The Committee recommends that the Supervisory Board establishes a nomination committee chaired by the chairman of the Supervisory Board with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describe the qualifications required by the Supervisory Board and the Executive Board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>annually assess the structure, size, composition and results of the Supervisory Board and the Executive Board, as well as recommend any changes to the Supervisory Board,</li> <li>annually assess the competences, knowledge and experience of the individual members of management, and report to the Supervisory Board in this respect, consider proposals from relevant persons, including shareholders and members of the Supervisory Board and the Executive Board for candidates for the Supervisory Board and the Executive Board, and</li> <li>propose an action plan to the Supervisory Board on the future composition of the Supervisory Board, including proposals for specific changes.</li> </ul>	X			<p>In accordance with the Supervisory Board's rules of procedure, Tryg has established a Nomination Committee with two members, the Chairman and Deputy Chairman of the Supervisory Board. The Chairman of the Supervisory Board is Chairman of the 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.</p> <p>When selecting candidates for the Supervisory Board, external assistance is used, if necessary.</p> <p>The committee's terms of reference are available at <a href="http://tryg.com">tryg.com</a>.</p>
<p>3.4.7. The Committee recommends that the Supervisory Board establishes a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) for the Supervisory Board and the Executive Board for approval by the Supervisory Board prior to approval by the general meeting,</li> <li>make proposals to the Supervisory Board on remuneration for members of the Supervisory Board and the Executive Board, as well as ensure 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 about the total amount of remuneration that members of the Supervisory Board and the Executive Board receive from other companies in the Group, and</li> <li>recommend a remuneration policy applicable for the company in general.</li> </ul>	X			<p>In accordance with the Supervisory Board's rules of procedure, Tryg has established 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, the Remuneration Committee must be represented by at least one member of TryghedsGruppen's Supervisory Board and at least one independent board member. The work of the Remuneration Committee is based on Tryg's remuneration policy, including the general guidelines for incentive-based remuneration, and includes the tasks mentioned under this item.</p> <p>The committee's terms of reference are available at <a href="http://tryg.com">tryg.com</a>.</p>
<p>3.4.8. The Committee recommends that the remuneration committee 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>
<p><b>3.5. Evaluation of the performance of the Supervisory Board and the Executive Board</b></p>				
<p>3.5.1. The Committee recommends that the Supervisory Board establishes an evaluation procedure where contributions and results of the Supervisory Board and the individual members, as well as collaboration with the Executive Board are annually evaluated. Significant changes deriving from the evaluation should be included in management's review or on the company's website.</p>	X			<p>The Supervisory Board has established an evaluation procedure for assessing the composition of the Supervisory Board and the qualifications, contributions and results of the Supervisory Board and the individual members as well as their collaboration with the Executive Board.</p> <p>The evaluation of the Supervisory Board is undertaken by the Chairman, and the outcome is subsequently discussed at a meeting of the Supervisory Board.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
3.5.2. The Committee recommends that in connection with preparation of the general meeting, the Supervisory Board considers whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.	X			<p>The Supervisory Board has 12 members, and the Supervisory Board deems the number of members adequate to ensure a constructive debate, sufficient diversification and an effective decision-making process.</p> <p>The Supervisory Board considers the number of Supervisory Board members each year when preparing the annual general meeting.</p>
3.5.3. The Committee recommends that at least once every year the Supervisory Board evaluates the work and performance of the Executive Board in accordance with predefined clear criteria.	X			Once a year, the Supervisory Board evaluates the work and performance of the Executive Board in accordance with pre-defined and clear criteria.
3.5.4. 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.	X			The Supervisory Board carries out an annual evaluation of the work and performance of the Executive Board and of the collaboration between the Supervisory Board and the Executive Board. The outcome of the evaluation is presented to the Supervisory Board.

#### 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 clear and transparent remuneration policy for the Supervisory Board and the Executive Board, including</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the Supervisory Board and the Executive Board,</li> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	X			<p>Tryg's remuneration policy applies to the remuneration of the Supervisory Board and the Executive Board and 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 on which the balance between the individual components of the remuneration is based. Tryg's remuneration policy was most recently adopted by the general meeting on 25 March 2015.</p> <p>The remuneration policy is available at tryg.com.</p>
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>• there be clarity about performance criteria and measurability for award of variable components,</li> <li>• there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> <li>• an agreement be made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>	X			<p>The remuneration policy</p> <ul style="list-style-type: none"> <li>• 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 12.5% of the fixed basic salary, including pension, at the time of allocation.</li> <li>• and 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.</li> </ul> <p>The Executive Board receives the variable components as a matching shares programme. The matching shares programme contains a retention element, and the programme ensures that the interests of the executives and shareholders coincide. The member of the Executive Board, by use of taxed funds, may buy shares in Tryg A/S at market price for an amount corresponding to the agreed amount; however, up to a maximum of 12.5% of the fixed basic pay, including pension.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
				<p>Four years after the purchase, the member of the Executive Board is allocated a corresponding number of free shares in Tryg. The matching shares programme contains clear information about conditions for the award of variable components. The vesting period of the matching shares programme is longer than one calendar year.</p> <p>The Executive Board's matching shares contracts do not stipulate a right for the company to reclaim matching shares. However, allocation 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 with the situation when the scheme was established, and on the member of the Executive Board not having participated in, or been responsible for, any significant loss-inducing behaviour or in any other way failed to observe suitable requirements to eligibility and integrity. The matching shares programme ensures that the requirements in the Executive Order on Remuneration in Financial Business (Lønбекendtgørelsen) on deferred variable pay elements are fulfilled. The Supervisory Board may, in special circumstances, decide that the fixed remuneration to the Executive Board and risk takers will be supplemented by a variable salary component (bonus) of up to 40% of the fixed basic salary, including pension at the time of allocation.</p>
4.1.3. The Committee recommends that remuneration of members of the Supervisory Board not include share options.	X			The remuneration of the Supervisory Board does not include share or warrant programmes.
4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	X			The matching shares programme is not a roll-over programme. Four years after an executive's purchase of a specific number of shares, Tryg allocates a corresponding number of free shares in Tryg to the executive.
4.1.5. The Committee recommends that agreements on termination payments not amount to more than two years' annual remuneration.	X			Each member of the Executive Board is entitled to 12 months' notice of termination and 12 months' severance pay. However, the Group CEO is entitled to 12 months' notice of termination and 18 months' severance pay.
<b>4.2. Disclosure of the remuneration policy</b>				
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.	X			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.
4.2.2. The Committee recommends that the proposed remuneration for the Supervisory Board for the current financial year be approved by the shareholders at the general meeting.	X			The Supervisory Board's 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.
4.2.3. The Committee recommends that the total remuneration granted to each member of the Supervisory Board and the Executive Board by the company and other companies in the Group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	X			The annual report provides information on the total remuneration granted to each member of the Supervisory Board and the Executive Board by the company and other consolidated companies, including information on pensions and retention/severance schemes, and explains the linkage with the remuneration policy.

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<b>5. Financial reporting, risk management and audits</b>				
<b>5.1. Identification of risks and transparency about other relevant information</b>				
<p>5.1.1. The Committee recommends that the Supervisory Board in the management's review review and 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's review, 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). The Supervisory Board uses policies to define a risk management framework in Tryg in the areas of insurance risk, investment risk and operational risk as well as IT security.</p> <p>The Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the 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 related to the realisation of Tryg's strategy or which may have a potentially substantial impact on Tryg's financial position. The process involves registering and quantifying the risks identified. In 2015, Tryg once again undertook an Own Risk and Solvency Assessment (ORSA). The purpose of the ORSA is to link strategy, risk management and solvency as the aim of the ORSA is to ensure a sensible correlation between the strategy for assuming risks and the available capital over a period of three to five years.</p>
<b>5.2. Whistleblower scheme</b>				
<p>5.2.1. The Committee recommends that the Supervisory Board decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	X			<p>Tryg has set up a whistleblower, which allows employees, customers or 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.</p>

Recommendation	Tryg complies	Tryg complies partially	Tryg does not comply	Explanation
<b>5.3. Contact to auditor</b>				
<p>5.3.1. The Committee recommends that the Supervisory Board ensure regular dialogue and exchange of information between the auditor and the Supervisory Board, including that the Supervisory Board and the audit committee at least once a year meet with the auditor without the Executive Board present. This also applies to the internal auditor, if any.</p>	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> <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>5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the Supervisory Board and the auditor on the basis of a recommendation from the audit committee.</p>	X			<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 approve the independent auditors' fee.</p> <p>Each year, the Audit Committee reviews the framework for the independent auditors' performance of non-audit services.</p>