Remuneration policy for Tryg

Introduction

The remuneration policy is a joint policy for Tryg A/S and Tryg Forsikring A/S ('Tryg') and has been prepared on the basis of the applicable rules on remuneration in listed financial enterprises. The remuneration policy has been adopted by the Supervisory Board on the recommendation of the Remuneration Committee. The remuneration policy must be approved by the general meeting, and once approved, it will apply to remuneration earned from 1 January in the year of approval by the general meeting.

The remuneration policy is applicable to Tryg in general and includes specific schemes for the Supervisory Board, the Executive Board (collectively the 'Executive Board' and individually the 'Executive Officer') and other Tryg employees whose activities have a signifycant impact on the company's risk profile, including key staff members (the heads of Risk Management, Compliance, the Actuarial function and Internal Audit) and the Chief Security Officer ('Risk Takers').

The Supervisory Board assesses and decides which employees are to be regarded as Risk Takers. The assessment is based on the provisions set out in the remuneration rules, Tryg's risk management profile and the employees' competence profiles. The Supervisory Board has laid down guidelines on the appointment of Risk Takers. The guidelines must be reviewed at least once a year.

Remuneration policy and Tryg's incentive structure:

- Are consistent with and promote sound and efficient risk management which does not encourage excessive risk-taking
- Are in accordance with and contribute to Tryg's business and risk management strategy, risk profile, risk management practice, values and long-term goals and targets, including sustainability
- Help to ensure that Tryg is able at all times to attract, retain and motivate the most highly skilled employees within both classic and new professional disciplines
- Conform with principles for protection of customers, including Tryg's obligation to act in its customers' best interest, and investors in connection with the performance of Tryg's business activities
- Ensure that conflicts of interest are prevented
- Ensure that the total variable salary which Tryg undertakes to pay does not erode Tryg's possibility of strengthening its capital base
- Take into consideration Tryg's organisation and the nature, scope and complexity of the risks associated with Tryg's business activities.

Tryg's strategy focuses on strong financial performance, on developing the good customer experience, operational excellence and continued innovation. The strategic initiatives are designed to support Tryg's financial targets and customer targets as well as Tryg's strategy from time to time. The Executive Board and other employees are measured on the basis of the strategic targets, including the financial targets and customer targets, see below on targets for variable salary components.

Supervisory Board

Tryg's Supervisory Board members receive a fixed fee and are not covered by any form of incentive scheme. The Supervisory Board members' remuneration (basic fee) is fixed at a market-adjusted level, while also taking into account the requirements for the Supervisory Board members' competence and performance, the scope of the Supervisory Board's work and the number of meetings held.

The Chairman of the Supervisory Board receives a triple basic fee, and the Deputy Chairman receives a double basic fee.

In addition to the basic fee, Supervisory Board members who are also members of the Audit Committee, the Risk Committee, the IT-Data Committee, the Nomination Committee or the Remuneration Committee receive an additional fee for this. The committee chairmen receive a fee that is 1.5 times higher than the fee paid to the other committee members.

In special cases, one-off remuneration may be paid for work over and above the expected work activities on the Supervisory Board, for example participation in special committee work.

The annual general meeting approves the remuneration for the Supervisory Board for the current financial year.

In addition to the fixed fees, Tryg pays social contributions, if any, and other similar taxes and duties to foreign authorities collected on Supervisory Board member fees. Tryg also pays any outlays and travelling expenses incurred in connection with the Supervisory Board members' performance of their duties as Supervisory Board members.

Decision-making competence

The terms of remuneration and employment of the Executive Board and the Head of Internal Audit are laid down by the Supervisory Board within the framework of the adopted remuneration policy. In this remuneration policy, the terms of remuneration and employment should be taken to mean both the general terms and the annual implementation of the terms as well as any decisions concerning individual awards of remuneration. The Supervisory Board annually assesses the Executive Board's and the Head of Internal Audit's remuneration, including the degree of target performance, where appropriate.

The terms of remuneration and employment of other Risk Takers are laid down by the Executive Board or the managers appointed by the Executive Board within the framework of this policy. However, the variable salary of Risk Takers is fixed by the Executive Board, which also performs backtesting thereof. Risk Takers' remuneration is assessed annually.

All agreements on the terms of remuneration and employment of employees in Tryg are subject to approval by the manager's manager (the grandfather principle) in connection with both appointments and changes (except ordinary adjustments within a predefined framework). Extraordinary and significant changes to terms of remuneration and employment must always be approved by the head of the business or staff area or, in special cases, by a member of the Executive Board. The terms of remuneration and employment of managers who report to the Executive Board must be approved by the Group CEO. The principle ensures independence, contributes to preventing conflicts of interest and forms part of Tryg's control function.

Salaries etc. for employees covered by collective agreements are adjusted in accordance with the provisions of the relevant collective agreements and workplace agreements, including collectively agreed schemes on variable salary, unless the collective agreements, including workplace agreements etc., do not contain any provisions to this effect. In the latter case, this remuneration policy applies in full.

Members of the Supervisory Board, members of the Executive Board, the appointed auditors and the Head of Internal Audit must not take part in the consideration of questions concerning agreements between companies in the Tryg Group and such parties themselves, or concerning proceedings against such parties themselves, or concerning agreements between the company and any third parties or proceedings against third parties in situations where said parties have a substantial interest in such cases which may be contrary to the interests of the company.

Remuneration in general

Tryg's intention is that, in so far as is possible, remuneration must be simple and transparent in its structure and must not result in inappropriate acceptance of risk. The total remuneration must be competitive and market-consistent and thus sufficiently attractive to attract and retain the right employees at all levels. Remuneration and conditions are determined on the basis of the framework laid down by either collective agreements, local agreements or concrete payroll margins. The individual conditions are laid down within this framework in consideration of the position and the employee's qualifications.

The Supervisory Board is of the opinion that, based on the remuneration policy framework, the remuneration paid by Tryg ensures a suitable and balanced mix of fixed and variable salary components, ensures a flexible bonus policy, takes account of foreseeable risks and value creation for the shareholders in both the short term and the long term, and – due to the set targets – contributes to the implementation of Tryg's strategy.

The employees' remuneration may be composed of the following elements:

- Fixed salary (incl. fixed allowances and temporary functional allowances)
- Pension schemes
- Other market-consistent employee benefits such as company car, insurance, telephone, Internet, newspaper etc.
- Variable salary components, including, for example, performance-based salary, one-off remuneration and retention bonuses
- A sign-on bonus and severance pay.

Salary

The fixed salary reflects the employee's organisational responsibilities, relevant work experience, individual performance and competence and is, moreover, fixed with due consideration for market conditions. Adjustment of the fixed salary for employees employed on a contractual basis is discussed at the annual salary review. Newly appointed employees employed on an individual contract are pay-graded in accordance with internal and external benchmarks.

The individual variable salary programmes reflect sustained and risk-adjusted work performance as well as performance over and above what can be expected given the employee's relevant organisational responsibilities and relevant work experience. Financial and non-financial targets must generally be included in the programmes. The variable salary programmes aim to create an incentive for delivering on concrete deliverables or achieving concrete targets which, among other things, are important for Tryg's strategic and long-term goals and value creation.

The overall targets for the variable salary components are described below. Those participating in the incentive programmes receive guidelines and a description of their specific programme, and the targets are defined and assessed annually.

Tryg employees are obliged not to use personal hedging strategies or take out salary-linked and liability-related insurance policies which would undermine the risk alignment effects embedded in their salary terms.

Pension

Matters relating to pensions in Tryg are laid down on a market-consistent basis and in accordance with Tryg's business strategy, values and long-term goals. As a general rule, compulsory defined-contribution plans with a pension company are used.

For the Executive Board, the pension contribution rate constitutes 25% of the fixed basic salary.

For Risk Takers and other employees employed on a contractual basis in Denmark, the pension contribution rate constitutes up to 20% of the fixed salary. Pensions for employees employed under a collective agreement are regulated via the respective collective agreements.

For employees employed in Norway, the pension scheme was previously a defined-benefit plan, which was terminated in 2007. Employees employed subsequent to the termination of this scheme and employees who chose a voluntary transfer are covered by a collective defined-contribution plan with contribution rates of 6% of salaries between 0 and 7.1 G (G = Basic pension) and 9% of salaries between 7.1 and 12 G. A few employees, including some Risk Takers, also receive compensation for, among other things, the lack of pension above 12 G. For newly appointed employees, only members of senior management in

Norway are awarded such additional pension, and at a maximum rate of 10% of salaries above 12 G.

For employees employed in Sweden, pension schemes are regulated by collective agreement. However, this does not apply to the Country Manager (*Verkställande Direktör*), for whom the pension contribution rate may constitute up to 30% of the fixed salary.

Incentive programmes

Tryg has incentive programmes for members of the Executive Board, Risk Takers and other executives based on their organisational level. Specialists may be included in an incentive programme following a specific assessment. Incentive programmes in Tryg are generally called 'INP programmes' or 'INP'.

The principal purpose of the incentive programmes is to ensure a coincident financial interest between the participants and the company's shareholders and to create a correlation between remuneration and performance results. Secondly, the programmes are to contribute to retaining the participants in Tryg.

Targets

The allocation of variable salary components under the INP programmes is based on a result and performance assessment of the participant's work in the performance year (financial year), based on specific weighted financial and non-financial targets decided at the beginning of the performance year. There must be at least one company target, one business area target/department target and one personal target for members of the Executive Board and Risk Takers. The business area targets are differentiated for the individual business areas, so that the various units only have the most relevant targets, and the weighting of the individual targets may vary. The assessment is made at the beginning of the year following the performance year, and performance is scored on a scale from 1-7.

The remuneration policy thus contributes to Tryg's business strategy, long-term interests and sustainability through being based on the following types of targets:

Financial targets, which may include, for example (list not exhaustive):

- Technical result (company or business area)
- Portfolio growth
- Cost improvement/efficiency enhancement of distribution
- Profitability measures
- Sales of new products, including prevention products that actively create peace of mind and protect Tryg's long-term interests
- Claims management, including sustainability, based on, for example, repairs rather than replacements

Non-financial targets, which may include, for example (list not exhaustive):

- Customer satisfaction
- Digitalisation/automation
- Manager and employee development
- Employee satisfaction
- Project efficiency
- Strategy execution, including anchoring of new strategy, visions and processes
- Innovation and development activities, including new products, customer-promoting activities, IT, Brand Attraction etc.
- Fulfilment of ESG/CSR-related targets/activities

A Tryg factor can gear/regulate the above result by a factor of 0 to 1.4. The Tryg factor is based on a financial ratio (company target) such as, for example, the technical result or combined ratio. The INP programme of the Executive Board is not subject to a Tryg factor.

In special cases, and in accordance with applicable regulations, the targets set for the performance year may be changed or supplemented with other targets during the performance year. This may, for example, occur if:

- Collective agreement adjustments are made during the performance year which may significantly affect the targets
- The targets generally turn out to be highly inexpedient for Tryg due to unforeseen circumstances
- Other priorities must be made during the performance year or if there is a need to manage the company in accordance with new goals and targets which, as a whole, are better for Tryg than the goals and targets set at the beginning of the year, for example in connection with organisational changes, M&A, sourcing etc.
- The participant changes position or is given new assignments.

For units which differ structurally from the business areas, an INP programme with other types of targets for non-Risk Takers may be established in special cases.

For all bonus programmes, it should be ensured in connection with the establishment of targets that no targets are set which are contrary to Tryg's obligation to act in the customer's best interest, or which encourage employees to recommend a specific insurance product, if Tryg offers another product that covers the customer's requirements better.

Payment structure

INP for the Executive Board and Risk Takers

The INP cap for members of the Executive Board and Risk Takers is 50% of their fixed basic salary, including pension, in the performance year (for Risk Takers, however, calculated on the basis of their salary for December in the performance year). The INP element is calculated and distributed in the year after the performance year (the 'Allotment Date').

INP elements for the Executive Board are allotted as conditional shares in Tryg A/S, which are deferred for four years after the time of allotment ('the Deferral Period').

For Risk Takers the allotted INP elements are distributed as a 50% cash payment on the Allotment Date, and

50% as conditional shares in Tryg A/S, which are deferred for three years after the Allotment Date. If the variable salary constitutes a large amount (usually more than DKK 750,000), 40% is disbursed as a cash payment on the Allotment Date, and 60% is distributed as conditional shares, which are deferred. In the assessment of whether the variable salary constitutes a large amount, the individual Risk Taker's salary and risk profile are factored in, among other factors.

Based on Tryg's risk profile and the market level, a four-year Deferral Period is regarded as suitable for the Executive Board, and a three-year Deferral Period is regarded as suitable for Risk Takers.

The right to conditional shares is conditional on the Executive Officer or Risk Taker not being under notice at any time during the Deferral Period. If their employment is terminated due to either the Executive Officer's or the Risk Taker's retirement or if the Executive Officer or Risk Taker is given notice of dismissal by Tryg, without this being due to breach of contract by the Executive Officer or Risk Taker, the Executive Officer or Risk Taker will retain the right to all conditional shares, which will still be subject to backtesting.

For the Group CEO, a separate agreement has been entered into to the effect that, if he resigns from his position after having been a member of Tryg's Executive Board for more than 17 years, his position as regards previously allotted matching shares and conditional shares will be the same as if he had been given notice of dismissal by Tryg.

After the end of the Deferral Period (the 'Transfer Date'), the Executive Officer or Risk Taker receives a number of free shares in Tryg A/S corresponding to the number of conditional shares allotted. The number of free shares may be reduced or the right to the shares may lapse entirely on the basis of backtesting.

If, during the Deferral Period, Tryg decides to distribute dividend to the shareholders, an additional number of free shares will be allotted to the Executive Officer or Risk Taker on the Transfer Date ('Dividend Adjustment Shares'). The additional number of free shares will be equal to the value of the dividend that the Executive Officer or Risk Taker would have received if the conditional shares had been finally and unconditionally transferred on the Allotment Date. The number of Dividend Adjustment Shares is calculated on the basis of the number of free shares allotted after any downward adjustment or cancellation on the basis of backtesting, and on the basis of the average price of the Tryg share quoted on Nasdaq Copenhagen on the distribution dates during the Deferral Period.

Free shares must not be sold by the Executive Officer or Risk Taker until six months after the Transfer Date. A six-month retention period is regarded as appropriate considering the fact that the conditional shares are deferred in full for four years and three years, respectively.

INP for other participants in the programme
Other INP programme participants who are not Risk Takers ('non-Risk Takers') may receive up to 100% of their fixed basic salary, including pension, in the performance year, calculated on the basis of their salary for December, as INP.

The INP is calculated and distributed the year after the performance year (the 'Allotment Date'). Depending on the specific programme, the payment structure for these participants is based on a cash part of up to 4.9 months' salary (after Tryg factor) and, for certain employees, the option of participating in a Matching Shares Programme with an Investment Shares value of up to DKK 200,000.

The Matching Shares Programme for non-Risk Takers entails that the participant may buy shares ('Investment Shares') in Tryg A/S at market price, using taxed funds, for up to the amount approved. The purchase of Investment Shares entitles the participant to a number of matching shares corresponding to the number of Investment Shares that the participant has bought.

The right to matching shares is subject to the condition that the participant does not sell the Investment Shares within a period of three years of the purchase (the 'Deferral Period') and that the participant is not under notice at any time during the Deferral Period. If the employment is terminated due to the participant's retirement or if the participant is given notice of dismissal by Tryg, without this being due to breach of contract by the participant, the participant will, however, retain the right to all matching shares.

After the end of the Deferral Period ('the Matching Date'), the participant receives a number of free shares in Tryg A/S, corresponding to the number of matching shares allotted to the participant.

If, during the Deferral Period, Tryg decides to distribute dividend to the shareholders, an additional number of free shares will be allotted to the participant on the Matching Date ('Dividend Adjustment Shares'). The additional number of free shares will be equal to the value of the dividend that the participant would have received if the matching shares had been finally and unconditionally transferred on the Allotment Date. The number of Dividend Adjustment Shares is calculated on the basis of the number of free shares allotted and on the basis of the average price of the Tryg share quoted on Nasdaq Copenhagen on the distribution dates during the Deferral Period.

The INP programme's payment structure for other participants who are not Risk Takers may be changed following the Executive Board's decision, and, in such case, the terms and conditions will subsequently be incorporated in the remuneration policy.

Other employees
For other employees who are not covered by the INP programme and who are not Risk Takers, individual or collective ad hoc bonus programmes may be created. The employees may receive up to a maximum of 100% of their salary, including pension, via such bonus programmes.

Key functions and controlling functions

Employees in key functions (Compliance, Internal Audit, Risk Management and the Actuarial function) and in controlling functions (Group Security) must not receive variable salary components linked to the performance of the department, operational unit or area in which the employee performs control.

The heads of Internal Audit, Compliance, Risk Management, the Actuarial function ('Key Staff Members') and the Chief Security Officer must not receive a variable salary, except in the case of agreements on sign-on bonuses, one-off remuneration, retention bonuses or agreements on severance pay in connection with the termination of their employment.

An agreement on 12 months' severance pay has been made with the current Head of Internal Audit. The remuneration rules were not in force when this agreement was made.

One-off remuneration

In special cases, discretionary one-off remuneration may be paid to the Executive Board, Risk Takers and other employees.

Such one-off remuneration may be paid for particularly good results in areas in which targets have not already been set, or for heavy workloads or long working hours. This may, for example, be in connection with (list not exhaustive):

- Insourcing and outsourcing projects
- Acquisition or divestment of business areas
- Restructurings or special operational adjustments of business areas or staff functions
- Special development projects
- Special operational conditions.

One-off remuneration may also be used in connection with unforeseen events or circumstances which have had a significant impact on agreed targets.

Finally, one-off remuneration may be used in connection with new appointments as compensation for or due to release from variable remuneration elements under other contracts in connection with previous employment.

For the Executive Board and Risk Takers, one-off remuneration may be paid in the form of conditional shares or in accordance with the payment structure described above for INP for Risk Takers. The deferred part of the payment may, however, also be distributed evenly across the whole of the Deferral Period, or with an increase at the end of the Deferral Period. A condition for continued employment during the Deferral Period for the Executive Board and Risk Takers may also be shortened or completely lapse in this situation.

For other employees, the payment may be made as an allotment of shares in Tryg A/S, conditional shares, matching shares, as a cash disbursement or as a combination of these components.

For members of the Executive Board, the total variable salary (INP, one-off remuneration and retention bonus) cannot exceed a cap of 50% of their fixed basic salary, including pension. For Risk Takers, the total variable salary (INP, one-off remuneration and retention bonus) may, in connection with the payment of one-off remuneration and/or retention bonuses, be increased to up to 100% of their fixed basic salary, including pension.

Sign-on bonus

In connection with the conclusion of a contract of employment, an agreement on a sign-on bonus may in some cases be entered into. A precondition for this is that Tryg has a sound and strong capital base at the time of the allocation of the sign-on bonus.

The sign-on bonus cannot exceed 50% of the employee's fixed basic salary, including pension, and is limited to the first year of employment. The sign-on bonus may consist of shares in Tryg A/S, conditional shares, a cash payment or a combination of these components. Depending on the applicable legislation, the sign-on bonus may be made conditional on the participant not being under notice for up to one year after the date of commencement.

Agreements on sign-on bonuses which have been agreed in accordance with the rules in the Danish Executive Order on remuneration policies and remuneration in insurance undertakings and insurance holding undertakings ('the Executive Order on remuneration') are not included in the calculation of the cap on variable salary components (INP, one-off remuneration and retention bonuses) for the Executive Board and Risk Takers, and are not covered by the deferral, retention and instrument requirements in the remuneration rules.

Sign-on bonus agreements are not included in the variable salary cap for other employees.

Retention bonus

In special situations, there may be a need to enter into an agreement on a retention bonus for members of the Executive Board, Risk Takers or other employees, for example to retain employees in connection with insourcing or outsourcing, acquisitions or divestments of business areas or companies, securing of especially critical deliveries and similar circumstances. Agreements on retention bonuses for employees other than members of the Executive Board and Risk Takers must be approved by the Head of HR.

For the Executive Board and Risk Takers, a retention bonus may be paid in the form of conditional shares or in accordance with the payment structure as described above for INP for Risk Takers. The deferred part of the payment may, however, also be distributed evenly across the whole of the Deferral Period or with an increase at the end of the Deferral Period. For the Executive Board and Risk Takers, the condition of continued employment in the Deferral Period may be deviated from in this situation. Conditions may be laid down so that the allotment may be reduced on the basis of concrete performance requirements during the Deferral Period.

For other employees, the payment may be made as an allotment of shares in Tryg A/S, conditional shares, matching shares, a cash disbursement or a combination of these components.

For members of the Executive Board, the total variable salary (INP, one-off remuneration and retention bonuses) cannot exceed a cap of 50% of their fixed basic salary, including pension. For Risk Takers, the total variable salary (INP, one-off remuneration and retention bonuses) may, in connection with the allocation of retention bonuses and/or one-off remuneration, be increased to up to 100% of their fixed basic salary, including pension.

Employee bonus scheme (medarbejderbonus)

Under certain conditions, Tryg employees participate in a general employee bonus scheme to the extent that, in the year in question, the Supervisory Board has decided that a bonus scheme is to be established. Members of the Executive Board and Risk Takers cannot receive an employee bonus.

The employee bonus is maximised by the Supervisory Board, and the bonus is allocated on the basis of Tryg Forsikring A/S's overall results. In accordance with the employee's wish, the shares may be converted into a cash payment equivalent to 80% of the value of the shares.

Success fee

Each year, a pool of DKK 6 million is allocated for the payment of discretionary one-off remuneration of up to DKK 40,000 or NOK/SEK 50,000 or for use for team events. The purpose of the scheme is that Tryg may reward employees or teams which deliver extraordinary results and/or show particularly positive behaviour.

Members of the Executive Board and Risk Takers cannot receive a success fee in the form of one-off remuneration, but they may participate in team events.

Severance pay

Severance pay must be aligned with Tryg's business strategy, values and long-term goals.

<u>On employment</u> of an <u>Executive Officer</u>, an agreement may be entered into on severance pay, which is not related to the results or performance of the Executive Officer, of up to 12 months' salary, including pension and value of taxed employee benefits, on notice of dismissal by Tryg, which is conditional on the Executive Officer not being responsible for such termination. However, the current Group CEO is entitled to 18 months' severance pay.

<u>On employment</u> of <u>Risk Takers</u>, an agreement may be entered into on severance pay of up to 12 months' salary, including pension, if Tryg A/S and/or Tryg Forsikring A/S merge(s) with one or more companies, change(s) ownership fully or partly, and the company's organisation in this connection is changed significantly, resulting in the Risk Taker being exposed to significant, and for him/her unacceptable, changes to his or her employment, and the Risk Taker choosing to give notice to terminate his or her position (change of control clause) in this connection.

For two members of the current Executive Board, 36 months' severance pay has been agreed, and for one Risk Taker 17 months' severance pay has been agreed in a change of control clause in their employment contracts. These agreements were entered into before the current terms and conditions for severance pay were included in the Executive Order on Remuneration in 2012.

For the <u>Executive Board, Risk Takers and other employees</u>, an agreement on severance pay equivalent to up to 12 months' salary including pension, may be entered into <u>in connection with the termination of their employment</u>. The total period of notice and severance pay must, however, not exceed 24 months' total remuneration, including all salary components.

Agreements on severance pay as described above and entered into in accordance with the rules of the Executive Order on Remuneration are not included in the calculation of the cap on variable salary components (INP, one-off remuneration and retention bonuses) for the Executive Board and Risk Takers and are not covered by the deferral, retention and instrument requirements in the remuneration rules. Agreements on severance pay are not included in the variable salary cap for other employees.

For all agreements on severance pay, a condition may be inserted to the effect that the severance pay will be disbursed as a current monthly payment after the end of the notice period, and that set-offs may be made against such payments if the Executive Officer, Risk Taker or other employees take up other employment during the disbursement period.

For employees covered by collective agreement terms, special agreements on severance pay (e.g. senior compensation) may be included in the respective collective agreements. Severance payments under a collective agreement and statutory severance payments are not included in the above cap on severance pay or in the calculation of the variable salary cap.

A small group of other employees who were transferred to Tryg from Alka as part of the company transfer have retained their existing individually negotiated rights as regards their severance pay.

Period of notice

The maximum period of notice that may be agreed on Tryg's part is 12 months for the Executive Board, Risk Takers and other employees.

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 relevant in connection with considerations regarding the acquisition or sale of business units. The total period of notice and severance pay must, however, not exceed 24 months' total remuneration, including all salary components.

A small group of other employees who were transferred to Tryg from Alka as part of the company transfer have retained their existing individually negotiated rights as regards their notice of termination and severance pay.

Triviality limit

In accordance with the remuneration rules, the Supervisory Board or the Executive Board may decide specifically or generally at company level that, in connection with the earning by the Executive Board members or Risk Takers of a maximum total variable salary of up to DKK 100,000 in the performance year, an exception may be made from the deferral, retention and instrument requirements in the Executive Order on Remuneration.

Portfolio requirements as regards shares held by Executive Board members

Each member of the Executive Board must hold a minimum portfolio of shares in Tryg A/S corresponding to 150% of their annual fixed basic salary (i.e. exclusive of pension, benefits etc.).

Allotments of matching shares or conditional shares subject to deferral and not yet delivered as free shares are included in the calculation of the portfolio requirement as from the Allotment Date. Annual checks will be performed to ascertain whether the portfolio requirements are complied with, and any Executive Board members not complying with the requirements will be given a deadline for ensuring compliance. This may be relevant, for example, if the shares have fallen in value or in case of salary increases.

Members of the Executive Board must build the required share portfolio over a period of five years from their appointment.

Shares

Shares for use in connection with variable salary and employee bonus schemes may be acquired through share buybacks or through the use of Tryg's holding of treasury shares. The shares can also be acquired by exercising the authorisation set out in Tryg's Articles of Association for the Supervisory Board to increase the share capital by subscription for new shares.

Conditional shares may be allotted outside a trading window, as there will always be a Deferral Period for conditional shares. The free shares that are to be transferred after the end of the Deferral Period may also be transferred outside a trading window. The Supervisory Board assesses that this is in accordance with the rules in the Market Abuse Regulation.

Risk adjustment

Variable salary components for the Executive Board and Risk Takers are conditional on:

- Tryg meeting the applicable capital adequacy and solvency requirements at the Allotment Date and/or Transfer Date
- Tryg's financial situation not having deteriorated significantly as at the Allotment Date and/or Transfer Date in relation to the time at which the scheme was established or the Allotment Date
- The criteria that have formed the basis for the establishment of the incentive scheme not having changed significantly on the Allotment Date
- The criteria that have formed the basis for the calculation of the variable salary share still being met on the Transfer Date
- The Executive Officer or Risk Taker not having participated in or been responsible for behaviour which has resulted in significant losses being incurred by Tryg, or otherwise having failed to meet suitable requirements for fitness and propriety
- The Executive Officer or Risk Taker not having been in material breach of Tryg's internal rules and procedures as well as Tryg's guidelines and routines applicable to customer relations.

On the basis of the circumstances above, the allocation of variable salary components or the disbursement/transfer of deferred variable salary components may lapse in full or in part, including the number of shares to be transferred after the end of the Deferral Period (backtesting).

For the Executive Board, it is also a condition that variable salary must be repaid in full or in part if the variable salary has been paid on the basis of information about performance results which can be documentted as being incorrect, or if the Executive Officer was in bad faith about other matters that have resulted in the payout of too much variable remuneration (clawback). Risk Takers are subject to a similar clawback condition under the regulations following from the financial remuneration rules.

Remuneration Committee, decision-making process and control

The Supervisory Board has set up an independent Remuneration Committee and laid down the terms of reference for the Remuneration Committee, including the committee's tasks and control functions. For example, the Remuneration Committee must prepare and advise the Supervisory Board concerning the remuneration policy. The terms of reference must be reviewed once a year.

Any amendments to the remuneration policy proposed by the Remuneration Committee must be submitted to the Supervisory Board for approval. The policy is reviewed regularly and at least once a year by the Supervisory Board. If a decision is made to revise the remuneration policy, the revised policy is presented to the annual general meeting for approval.

The Supervisory Board must ensure that compliance with the remuneration policy is checked at least once a year. The Supervisory Board has laid down guidelines on such control on recommendation from the Remuneration Committee. The results of the control must be presented to the Supervisory Board.

Deviations

Within the framework of the provisions of the financial remuneration rules, Tryg may, however, under special circumstances, choose to temporarily deviate from certain parts of the remuneration policy if necessary to safeguard the company's long-term interests, sustainability and business, including where deviations are necessary to fulfil obligations towards employees transferred from Codan NO/Trygg-Hansa.

The Supervisory Board decides on any temporary deviations from the following parts of the remuneration policy on the recommendation of the Remuneration Committee:

- INP caps and form of disbursement of INP for Risk Takers and other employees
- Caps for allocation of sign-on bonuses and severance pay for Risk Takers and other employees
- The retention period for free shares for Risk Takers
- The caps for allocation of one-off remuneration to Risk Takers
- Duration of notice periods for Risk Takers and other employees.

Publication of remuneration policy

Tryg publishes information about its remuneration policy and practice for the Supervisory Board, Executive Board and Risk Takers at www.tryg.com.

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As adopted at the Supervisory Board meeting on 25 January 2021