

REMUNERATION POLICY

Legal entities	Codan A/S, Codan Forsikring A/S and Privatsikring A/S
Title	Remuneration Policy
Version no.	3.78

Role	Codan A/S			Codan Forsikring A/S and Privatsikring A/S	
	Board Owner	Executive Owner	Managing Owner	Board / Executive Owner	Managing Owner
	Remuneration Committee	HR Director	Reward	Subsidiary Remuneration Committee / Region CEO	Region HR / Reward
Responsibility	Oversight Accountable in respect of executives	Accountable	Responsible	Accountable for local policy provisions, where required by local regulations	Responsible for local policy provisions, where required by local regulations

* Risk and Compliance second line accountability for ensuring Policy aligns to requirements (at Group and legal entity level)

Key Audiences			
Actuarial	<input type="checkbox"/>	Operations	<input type="checkbox"/>
Claims	<input type="checkbox"/>	Marketing	<input type="checkbox"/>
Company Secretariat & Legal	<input type="checkbox"/>	Regulatory Risk & Compliance	<input checked="" type="checkbox"/>
Finance	<input type="checkbox"/>	Reinsurance	<input type="checkbox"/>
HR	<input checked="" type="checkbox"/>	Strategy	<input type="checkbox"/>
IT	<input type="checkbox"/>	Underwriting	<input type="checkbox"/>

Contents

- A. Context..... 3
 - 1. Introduction 3
 - 2. Purpose..... 3
 - 3. Scope..... 3
 - 4. Validity..... 4
 - 5. Definitions of employees affected by remuneration restrictions 4
 - 6. Remuneration Committee 5
 - 7. Guiding principles for variable remuneration programs 6
 - 8. Variable remuneration restrictions..... 8
 - 9. Restrictions – Deferral, lock-up and claw back..... 8
 - 10. Individual agreements and contracts..... 8
 - 11. Conflicts of Interest..... 9
 - 12. Remuneration for Board of Management and Board of Directors 9
 - 13. Pension 10
 - 14. Reporting and Control 10
- B. Contact points for queries or guidance..... 11
- Appendix 1..... 12
 - 1. Collective Bargaining agreements..... 12
 - 2. Variable remuneration restrictions..... 12
 - 2.1. Restrictions – Deferral and back-testing..... 13
 - 2.2. Lock-up period 13
 - 2.3. Claw back..... 13
 - 2.4. Restrictions 14
 - 3. Severance payment 14

A. Context

1. Introduction

This Remuneration Policy covers Codan A/S, Codan Forsikring A/S and Privatsikring A/S jointly referred to as the “Scandinavian Group”. The companies are jointly referred to as the “Companies” and individually as the “Company”.

This Remuneration Policy is adopted by each of the Board of Directors and by the General Meeting of each of the Companies.

Similar guidelines are adopted for Holmia Livförsäkring AB.

With reference to the Danish Financial Business Act, the Solvency II-Regulation and the Danish Executive Order on remuneration policy and remuneration in insurance companies and insurance holding companies (in this Remuneration Policy referred to as the “Danish Remuneration Regulation”) the Companies have prepared and adopted this Remuneration Policy.

2. Purpose

The overall purposes of the Remuneration Policy, which is based on, *inter alia*, the risk analysis ("Risk Analysis") described in the document “Risk Analysis of the Scandinavian Group’s remuneration policy” are

- to create an overarching framework governing how variable pay programs are modelled in the Scandinavian Group,
- to ensure that pension contributions and severance payments, paid to members of the Board of Directors, members of the Board of Management, employees who are Material Risk Takers, employees in Control Functions and employees in Actuary Functions, are paid out in accordance with the rules in the Danish Remuneration Regulation,
- to comply with the regulation following from the Danish Remuneration Regulation,
- to comply with the national laws & regulations following from the EU directive 2016/97 on insurance distribution, and
- to ensure a remuneration practice in compliance with sound and efficient risk management and properly aligned with and supporting the overall business strategy of the Company.

3. Scope

The Remuneration Policy includes general rules for all employees on remuneration in the Scandinavian Group and specific rules on payment of variable remuneration to members of the Board of Directors, members of the Board of Management,

employees who are Material Risk Takers, employees in Control Functions, employees in Actuary Functions, and employees working with Insurance Distribution.

The Scandinavian Group has decided on the following principles regarding variable remuneration:

- Members of Board of Directors will not receive variable remuneration
- Members of Board of Management may receive variable pay in the form of RSA Top 50 Bonus Plan (short-term, cash- based variable incentive plan) and RSA Insurance Group plc LTIP (long-term, share-based variable incentive plan)
- Material Risk Takers may receive variable remuneration in the form of RSA's Bonus Program for RSA Scandinavia (short-term, cash- based variable incentive plan) and RSA Insurance Group plc LTIP (long-term, share-based variable incentive plan)
Material Risk Takers in Danish or Nordic roles may also receive variable remuneration in the form of “bonus shares” which might be granted, if it proves necessary to convert cash-based bonus to shares, to meet the Danish requirement that 50 % of the variable remuneration must be paid in shares.
- Employees working with Insurance distribution may receive cash based variable pay.

Management in second and third risk defence lines may receive variable remuneration in the form of RSA Insurance Group plc LTIP (long-term, share-based variable incentive plan). In addition, the Scandinavian Group operates a number of different variable remuneration programs, all of which are subject to the principles set out in this Remuneration Policy.

4. Validity

The Remuneration Policy is implemented with effect from 22 March 2019 and the provisions on variable pay shall apply to decisions and agreements on variable remuneration made after 22 March 2019 in accordance with the provisions of the Danish Remuneration Regulation.

5. Definitions of employees affected by remuneration restrictions

Actuary Functions

All employees in the actuarial department of the Company.

Board of Directors

Registered Board of Directors with the Danish Business Authority and approved by the Danish FSA in the Company.

Board of Management

Registered Executive Officers with the Danish Business Authority and approved by the Danish FSA in the Company.

Control Functions

All employees in the second and third line of defence of the Company, i.e. Risk, Compliance and Internal Audit.

Material Risk Takers

The group of Material Risk Takers are determined by the Board of Directors at least once a year. The Board of Directors has in a separate document listed the individual employees or groups of employees who on the basis of their job roles are covered by the specific rules in the Danish Remuneration Regulation regarding variable payment, as well as those who are considered to be Material Risk Takers on the basis of the applicable criteria and rules of presumption in terms of specific job positions under the Danish Remuneration Regulation. This document is being updated at least once a year.

Insurance distribution

All employees working with Insurance Distribution, their immediate managers and the department head of their group.

External Tied agents, if it's specifically stated by the national laws & regulations following from the EU directive 2016/97 on insurance distribution are regulating, that these should be included in the internal policy on remuneration.

6. Remuneration Committee

Codan A/S and Codan Forsikring A/S have established a joint Nomination & Remuneration Committee. The Remuneration Committee must at all times consist of 2-4 members from the Board of Directors of Codan Forsikring A/S or Codan A/S, appointed by the Board of Directors of Codan Forsikring A/S and Codan A/S. The Remuneration Committee must also encompass one of the employee representatives of the board of directors.

The Remuneration Committee is responsible for preparing remuneration decisions, and decisions on actions to follow up on the implementation of this Remuneration Policy. The Remuneration Committee will consider various aspects including public interest when recommending decisions and actions to the Board of Directors.

Forsikringsselskabet Privatsikring A/S is not part of the said Nomination & Remuneration Committee. In relation to the said Company, the Board of Directors will thus manage their own tasks related to remuneration matters. Specifically, the Board of Directors of Privatsikring shall

- 1) Review and approve annual employee remuneration report
- 2) Conduct annual review and approve remuneration policy
- 3) Conduct annual review and approval of Material Risk Taker list
- 4) Conduct annual review and approval of executive remuneration

7. Guiding principles for variable remuneration programs

a. Definition of Variable Remuneration

The Companies adhere to the definition of variable remuneration in the Danish Remuneration Regulation, i.e. “*Remuneration plans, of which the final amount is not known in advance*”¹

b. Usage of fixed vs. variable pay

The Remuneration Policy distinguishes between criteria for determination of fixed pay elements, which primarily reflect the employee’s position (including relevant work experience and organizational responsibilities), and variable pay elements, which reflect the employee’s performance (including sustainable and risk adjusted results plus results exceeding what can be expected based on the employee’s position).

c. Deciding on Scandi bonus program

The Board of Directors of the Companies is responsible for deciding on remuneration under the “Scandi Bonus Program”, while the Chief Executive Officers of the Companies are responsible for deciding on remuneration under other variable remuneration programs, except for the avoidance of doubt on remuneration to the Chief Executive Officer him/herself. Decisions of the Board of Directors and the Chief Executive Officer should follow the guidelines adopted by the Annual General Meeting. It should also be noted that any decision on remuneration in accordance with this Section 7.c is subject to the “annual approval” of the Board of Directors as set out in Section 14 below.

d. The responsibility of the Board of Directors

The Board of Directors of the Companies is responsible for making decisions on the basis of this Remuneration Policy and the structure of variable remuneration programs subject to it. On decisions on variable remuneration programs, the Companies shall seek and encourage a long-term value creation and apply a balanced risk horizon.

The Board of Directors of the Companies shall secure that appropriate Control Functions have the possibility to provide comments on the material when making decisions on changes of this Remuneration Policy.

The Board of Directors has the discretionary right to cancel all awards and payments of variable remuneration subject to this Remuneration Policy.

The Board of Directors of the Companies may in exceptional situations decide to make a payment to a Material Risk Taker even if the payment is not directly covered by or contained in the Remuneration Policy. This decision can only be made by a unanimous vote of the Board of Directors and under the condition

¹ Fixed pay encompasses base salary (fixed salary), cash allowance (fixed allowances) and fixed pension contributions. Fixed pay may also be distributed by way of shares (reserved exceptional cases related to members of management and subject to pre-approval of the Board of Directors).

that the agreed payment is within the scope of applicable law including executive orders etc. regarding variable payment to Material Risk Takers.

e. Risk-taking

Variable remuneration shall be consistent with and promote effective risk management and must not encourage excessive risk taking.

- Incentive plans encourage performance in line with the business strategy and within the Company's risk appetite and take into account material risk factors and the Company's ability to maintain an adequate capital base.
- Specific arrangements apply for the remuneration of Material Risk Takers to promote effective risk management, and, in the case of employees accountable for key governance functions, to preserve their independence.

f. Long-term

Remuneration of individual employees shall support the long-term interests of the Companies. The total remuneration for a particular period may not jeopardize the ability to collectively report positive results over an economic cycle.

g. Performance measurement

The Board of Directors of the Companies must consider how variable remuneration in the long term can affect the business results. When determining the basis for variable remuneration it must be considered that the business result subsequently can be affected by current and future risks. The actual costs for maintaining the capital and liquidity arising from the activities that the performance measurement concerns shall be taken into consideration when measuring the impact on performance, according to the details of the specific variable remuneration programs.

Variable remuneration programs shall be based on the performance of the employee, the department of the employee and the Company and/or the Scandinavian Group, according to the details of the specific variable remuneration programs.

h. Non-financial criteria

When considering the remuneration of the individual employee, qualitative-based and non-financial criteria shall be taken into account, including compliance with national laws & regulation, internal policies, risk appetite and procedures and respecting the rules of conduct towards customers and investors.

i. Fixed and variable remuneration

The balance between fixed and variable remuneration shall at all times be appropriate. The following factors should be considered when deciding upon the division between the variable and fixed remuneration:

- 1) the amount and cost of the additional capital required to cover the risks that affect earnings for the period
- 2) the extent and cost of the liquidity risk
- 3) the possibility that expectations about future revenues do not materialize

4) compliance with national laws & regulations following from the EU directive 2016/97 on insurance distribution.

The Companies shall ensure that the total amount of variable remuneration does not limit the Companies' ability to strengthen their capital base.

j. Composition of variable remuneration

Variable remuneration consists of cash or shares, share-related or other financial instruments, or a combination of these. Decisions regarding the composition of the variable remuneration shall encourage long-term value creation, and a well-considered time frame for the risks shall be applied.

The primary long-term incentive vehicle is RSA shares, which the Companies consider a suitable instrument with appropriate risk attributes in terms of unintended events. Hence, the Companies do not see a need for introducing further alternative instruments.

8. Variable remuneration restrictions

Variable remuneration restrictions are set forth in **Appendix 1**.

9. Restrictions – Deferral, lock-up and claw back

The variable payment shall be made according to the rules in **Appendix 1**.

10. Individual agreements and contracts

a. Termination and severance payments

Provisions in individual employment agreements on variable remuneration during the notice period or after the end of employment, must comply with this Remuneration Policy.

As a principal rule, the Companies do not enter into agreements regarding severance payment (“golden parachutes”) when entering employment contracts with members of the Board of Directors, the members of the Board of Management, employees who are Material Risk Takers, employees in Control Functions and employees in Actuary Functions.

For applicability of Remuneration Policy provisions for severance payment see **Appendix 1**.

b. Sign-on awards

Sign-on bonuses shall be exceptional and only be allowed in connection with hiring new staff and then be limited to be paid out within the first 12 months – and limited to an amount corresponding to one year's total remuneration, including

pension – provided that the Companies have a strong capital base at the time, when the sign-on bonus is awarded.

c. Agreements, aiming at compensating or releasing new hires from existing contracts

Agreements, aiming at compensating or releasing new hires from existing contracts has to be aligned to the Company's long term interests and should be treated as variable remuneration meeting the requirements set out in Appendix 1 section 2 (variable remuneration restrictions).

d. Collective Bargaining

For Collective Bargaining agreements see **Appendix 1**.

11. Conflicts of Interest

In the development of variable remuneration programs, it shall be taken into account that the remuneration does not jeopardize the employee's objectivity and does not conflict with the Companies' best interests.

12. Remuneration for Board of Management and Board of Directors

a. Board of Management

The Board of Directors of the Companies decides on the remuneration for the members of the Board of Management. The decisions made by the Board of Directors shall follow the guidelines included in this Remuneration Policy. No individual will be involved in decisions relating to his or her own remuneration.

b. Board of Directors

The Annual General Meeting approves the remuneration (fixed fee) for the eligible Board of Director members². The remuneration is based on a recommendation from the Nomination/Remuneration Committee taking into account market trends, the Board members' required competencies and performance as well as the scope of Board work, including number of meetings.

c. Remuneration to employees in Control Functions, employees in Actuary Functions, and employees working with Insurance Distribution.

Employees within Internal Audit, Risk and Compliance must be independent of the business entities they review and control. Further, these functions must have the appropriate powers and resources and receive remuneration regardless of the business areas they review and control. Employees within Internal Audit, Risk and Compliance shall receive remuneration that allows the employment of qualified and experienced staff for these functions. Employees within Internal Audit, Risk and Compliance shall not be entitled to short term variable remuneration.

² Eligible Board of Directors include INED's (Independent Non-Executive Directors) and employee representatives

However, these employees may be entitled to LTIP upon the Remuneration Committee's discretionary decisions.

Variable remuneration for employees in Actuary Functions shall not depend on the financial result of a department in which the actuary is working.

Remuneration for employees in Insurance Distribution shall not conflict in acting with the best interests of the customers.

13. Pension

As a principal rule the Companies enter into pension schemes with their employees according to applicable collective agreements. The Companies' pension schemes are based on defined contribution schemes and not on defined benefits schemes ("tilsagnspension"), but there are defined benefit schemes in Sweden based on the participation in collective agreements.

14. Reporting and Control

This Remuneration Policy and remuneration programs developed and executed in accordance with the Remuneration policy shall be regularly reviewed and at least annually by the Board of Directors. The Nomination/Remuneration committee can, however, conduct all work and prepare all relevant issues regarding the remuneration policy. It must be stated in the board minutes that the review has taken place, that the control of the remuneration policy has been done by HR Reward, and the result of the review.

The Board of Directors is responsible for ensuring that appropriate control processes are implemented to ensure that the Companies comply with this Remuneration Policy.

The Nomination/Remuneration committee controls remuneration of the management of the part of the organization that is responsible for monitoring compliance with limits for risk taking and the management of the part of the organization that is otherwise responsible for control and audit, including the management of the compliance function and the internal audit function.

HR Reward shall conduct a yearly control of whether the Remuneration Policy has been complied with and declare whether the policy is compliant with the remuneration regulation. The result of the control must be reported to the Board of Directors of the Companies annually

HR may involve the compliance function, where necessary, to check and assess whether methods and procedures in relation to the remuneration rules are suitable for detecting and reducing the risk of non-compliance.

Internal Audit must annually ensure that the control has taken place and that the declarations is made to the BoD and both can be documented.

15. Information to employees

The Companies shall make the Remuneration Policy available for all employees on Codan's intranet.

B. Contact points for queries or guidance

The owner of this Remuneration Policy is responsible for yearly review and update.

Owner: HR Director

Contact: HR Director, Bitte Ferngren,
email Bitte.ferngren@trygghansa.se, phone +46 (0)70 624 3707.

These guidelines have been adopted by the Remuneration Committee and by the Board of Directors of the Companies subject to the consent of the General Meeting of the Companies.

History	Author	Comments
2010	Helle Nøhr Larsen	New Remuneration Policy
2012	Helle Nøhr Larsen	Updated Remuneration Policy
2012	Cecilia Lonning-Skovgaard	Updated Remuneration Policy
2013	Cecilia Lonning-Skovgaard	Updated Remuneration Policy
2014	Cecilia Lonning-Skovgaard	Updated Remuneration Policy
2015	Thomas Bech Hansen	Updated Remuneration Policy
2016	Thomas Bech Hansen	Updated Remuneration Policy
2017	Bitte Ferngren	Updated Remuneration Policy
2018	Peter Mårtensson Brolin	Updated Remuneration Policy
2018	Peter Mårtensson Brolin	Updated Remuneration Policy – IDD
2019	Peter Mårtensson Brolin	Updated Remuneration Policy

This policy is adopted by the Board of Directors of Codan A/S and Codan Forsikring A/S on 22 March 2019, and by the Board of Directors of Forsikringselskabet Privatsikring A/S on 14 March 2019.

Appendix 1

1. Collective Bargaining agreements

Variable payment following from a collective agreement entered into between any of the Companies and one or more unions is not covered by the Danish Remuneration Regulation. Thus, the restrictions otherwise applicable to variable payment according to this Remuneration Policy are not applicable to variable payments made in accordance with such collective agreements.

2. Variable remuneration restrictions

Based on the Risk Analysis made for the Companies, it is decided that variable remuneration to members of the Board of Management may not exceed 50 % of the fixed pay, including pension contribution. For the group identified as Material Risk Takers an appropriate maximum on variable remuneration must be decided.

It is decided that variable remuneration to the Material Risk Takers must not exceed 200 % of the fixed pay, including pension contribution.

The variable remuneration maximum limit applicable to members of the Board of Management and Material Risk Takers will be assessed on an ongoing basis to ensure an appropriate balance between the fixed and variable remuneration and sound risk management. The limit may be changed at any time by the Board of Directors in the Scandinavian Group, subject to the consent of the General Meeting. The decision shall be based on the principles and purposes of this Remuneration Policy.

At least 50 % of the variable remuneration to members of the Board of Management and Material Risk Takers must be granted as shares, share based instruments or subordinated debt. However, share options or similar instruments to members of the Board of Management cannot exceed 12.5 % of the fixed pay, including pension contribution.

Pursuant to the Danish Remuneration Regulation appropriate restrictions must apply on shares, share based instruments or subordinated debt, e.g. the employees must not sell the shares or other instruments in the lock-up period specified, and must not enter any agreement to ensure or otherwise hedge the value of the shares or the like.

Pursuant to the national laws & regulations following from the EU directive 2016/97 on insurance distribution, appropriate restrictions must apply on the remuneration, such as the balance between the fixed and variable remuneration and/or to use qualitative criteria's in addition to or instead of quantity criteria's when deciding upon variable remuneration, to ensure there's no conflict in acting with the best interests of the customers.

2.1. Restrictions – Deferral and back-testing

For members of the Board of Management at least 40% (60% if considered “a larger amount”³ subject to the decision of the Board of Directors of the Company or its Remuneration Committee according to applicable rules) of a variable pay component will be deferred over at least a four year period.

For Material Risk Takers at least 40% (60% if considered “a larger amount”⁴ subject to the decision of the Board of Directors of the Company or its Remuneration Committee according to applicable rules) of a variable pay component will be deferred over at least a three year period.

For both members of the Board of Management and Material Risk Takers at least 50 % will be granted in shares or share linked instruments. The applicable shares are RSA shares traded at the London Stock exchange.

For both members of the Board of Management and Material Risk Takers, deferred amounts will only be paid if the conditions as stipulated at the time of granting are still satisfied. For this purpose, a back-testing process has been set up, involving a thorough review of relevant qualitative and quantitative criteria prior to pay out of deferred bonus elements. If the Companies or one of the Companies do not meet the capital- or solvency requirements provided for in the Danish Remuneration Regulation and other conditions defined by the Danish FSA the deferred amounts must not be paid out.

The deferral requirements included in this provision relate to all parts of the variable payments and thus to both the cash and share based elements. Further, payment of variable remuneration will only take place, provided that the recipient has not participated in or been responsible for conduct, which has resulted in significant losses for the Company, or has not adhered to suitable standards regarding ability and integrity.

2.2. Lock-up period

Both non-deferred and deferred share based instruments (shares, share based instruments or subordinated debt) will be subject to a lock-up period. The lock-up period will be specified when granting the shares or the share instrument and at all times comply with the Danish Remuneration Regulation.

2.3. Claw back

If an award of variable payment has been made to members of the Board of Management and Material Risk Takers, based on assumptions related to results,

³ 750 000 DKK is to be considered as a larger amount.

⁴ 750 000 DKK is to be considered as a larger amount.

which subsequently turn out to be incorrect, and the recipient was aware of this discrepancy, the variable payment must be repaid.

2.4. Restrictions

If the total annual variable remuneration is not exceeding 100.000 DKK, the Board of Directors may decide that the requirements of the 50% share element, the lock-up period and the deferral component for Board of Management and Material Risk Takers shall not apply.

3. Severance payment

If severance payments are used the provisions of variable remuneration stated in this Policy will **not** be applicable for severance payments which fulfil the following criteria:

- a. Severance payments being agreed in connection with the assignment of the position,
- b. The agreed severance payment is not dependant on any performance conditions for the position,
- c. The agreed severance payment must at the time of the individual's resignation not exceed the individual's total remuneration, including pension, of the last two years,

or

- d. Severance payments being agreed at the time of the individual's resignation if the agreed severance payment does not exceed the individual's total remuneration, including pension, for the last year.

4. Exchange Rates

Regarding variable payment which is granted in local currency the following rules regarding exchange rates is used: "The amount of variable payments is calculated in DKK / NOK/ SEK and then converted into GBP. The exchange rate used is the average exchange rate for the current year and taken from www.oanda.com