

Remuneration Policy of Tryg A/S



The Remuneration Policy of Tryg A/S (hereinafter referred to as Tryg) is based on the provisions on remuneration of s. 71, subs. 1, no. 9 of the Danish Financial Business Act as well as the provisions on remuneration policy of s. 77 (a-d) of the same Act. Furthermore, it is based on s. 139 of the Danish Companies Act regarding general guidelines for incentive pay as well as the Committee on Corporate Governance's recommendations on Corporate Governance, s. 6 on remuneration policy.

The Remuneration Policy applies to the Supervisory Board, the Executive Management and other employees with a material impact on the company's risk profile (hereinafter referred to as Risk Takers) as well as employees in control functions.

The Remuneration Policy outlines the framework for the remuneration of the Supervisory Board, the Executive Management, Risk Takers as well as employees in control functions in Tryg.

The Remuneration Policy shall:

- a) be in accordance with and promote sound and efficient risk management which does not promote excessive risk taking,
- b) be in accordance with Tryg's business strategy, values and long-term objectives, conform with the principles of protecting customers and investors in connection with the performance of the business and include measures preventing conflicting interests,
- c) ensure that the total payroll costs related to variable salary - which the company binds itself to pay - do not erode Tryg's opportunity to strengthen its capital base.

Remuneration of the Supervisory Board

Members of the Supervisory Board receive a fixed fee and are not comprised by any form of incentive programme.

The Board members' remuneration (basic fee) is fixed on the basis of the trends in peer companies, taking into account the Board members' required competencies and performance as well as the scope of Board work, including number of meetings.

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, the Supervisory Board members who are also members of the Audit Committee receive an Audit Committee fee. The Chairman of the Audit Committee receives 1 ½ times as much as the other members of the Audit Committee.

In addition to the basic fee, the Supervisory Board members who are also members of the Risk Committee receive a Risk Committee fee. The Chairman of the Risk Committee receives 1 ½ times as much as the other members of the Risk Committee.

In addition to the basic fee, the Supervisory Board members who are also members of the Remuneration Committee receive a Remuneration Committee fee. The Chairman of the Remuneration Committee receives 1 ½ times as much as the other members of the Remuneration Committee.

The Annual General Meeting approves the remuneration of the Supervisory Board for the current financial year in connection with the presentation of the Annual Report.

Remuneration of the Executive Management

Tryg's Executive Management is defined as the top executive officers, who are, at all times, reported to the Danish Business Authority as the Executive Management of Tryg A/S (hereinafter referred to as the Executive Management and the members of the Executive Management).

Members of the Executive Management of Tryg are employed on a contractual basis, and all terms of the remuneration of the Executive Management are fixed by the Supervisory Board within the framework of the approved Remuneration Policy. The Supervisory Board reviews the remuneration of the Executive Management annually.

Tryg wants a remuneration model for the Executive Management which

1. is competitive and appropriate for the market and therefore adequately favourable to attract and retain the best-qualified members of the Executive Management,
2. is simple and transparent in its set-up,
3. does not lead to inappropriate acceptance of risk.

a. Remuneration elements

The Executive Management receives fixed pay and pension.

Tryg wants to ensure an appropriate and balanced combination between Management remuneration, predictable risks and value creation for the shareholders in the short and long term. In order to do so, Tryg wants to attract and retain Executive Management members for whom a competitive and market-adapted fixed pay will provide the right and adequate motivation for them to perform their best in order to reach the targets set by the company. Consequently, variable salary elements only constitute a limited part of the total remuneration. The Supervisory Board may decide that the fixed pay is supplemented with a variable salary share up to 10% of the fixed basic pay, including pension at the allocation time, with a corresponding estimated present value.

The variable salary is granted in the form of a Matching Shares programme; cf. below under subsection b. A Matching Shares programme includes a retention element just as the program ensures coinciding interests of both the Executive Management and the shareholders.

Other types of variable salary, for example, cash incentive pay and share options may not be added.

In addition to the direct remuneration, the Executive Management receives a free company car in line with their positions as well as other market-adapted employee benefits.

b. Matching Shares (variable salary)

Variable salary is defined as remuneration programmes in relation to which the final remuneration is not known in advance. The value of a Matching Shares Programme is not fixed until the time of the matching, which is 4 years after the conclusion of the agreement. Therefore, a Matching Shares Programme is regarded as variable salary.

The purpose of the Matching Shares Programme is partly to ensure retention of members of the Executive Management, partly to ensure coinciding interests of members and the company's shareholders.

The Matching Shares Programme means that:

1. The member of the Executive Management, by use of taxed funds, may buy shares in Tryg at market price for an amount which corresponds to the agreed amount; however, maximum up to 10% of the fixed basic pay, including pension. The member buys the shares in the open trading window after publication of the Annual Report of the past year.

2. Four years after the member of the Executive Management has bought shares (hereinafter referred to as the Matching Time), Tryg will allot a number of cost-free shares in Tryg to the member of the Executive Management corresponding to the number of shares the member has bought himself/herself, insofar as the additional and following conditions have been fulfilled:
 - a. the member of the Executive Management is employed in the period until the Matching Time. However, the right to Matching Shares is maintained provided that the employment is terminated due to pension or the member of the Executive Management is dismissed and this is not due to any breach of contract.
 - b. the shares bought by the member of the Executive Management are not sold before the Matching Time,
 - c. Tryg, at the Matching Time, fulfils the effective capital and solvency requirements and the company's financial situation has not been weakened significantly compared with the situation when the scheme was established (cf. s. 77(a), subs. 1, nos. 5 and 6 as well as subs. 4 and 5 of the Danish Financial Business Act).

The shares allotted at the Matching Time may not be sold by the member of the Executive Management until 6 months after the Matching Time.

No further conditions, including performance related conditions, apply to the Matching Share programme. Consequently, allocation of Matching Shares at the Matching Time is not profit related.

Shares used for the Matching Shares Programme may be obtained via share buy back or by using Tryg's own holding of shares. Furthermore, the shares may be obtained by utilisation of the authorisation granted to the Supervisory Board in the Articles of Association to increase the share capital by issuing new shares.

c. Pension and severance schemes

Pension and severance schemes of the members of the Executive Management must be in line with Tryg's business strategy, values and long-term objectives.

Each member of the Executive Management is entitled to 12 months' notice of termination and 12 months' severance pay plus pension contributions where the termination is made by the company. However, the Group CEO is entitled to 12 months' notice of termination and 18 months' severance pay plus pension contributions during such period.

Remuneration of Risk Takers and employees in control functions

The Supervisory Board decides which employees are regarded as Risk Takers.

Risk Takers are employed on a contractual basis and receive fixed pay and pension. Risk Takers do not receive variable salary or severance pay.

Employees in control functions; i.e. employees working within compliance and internal audit may not receive a variable salary share which is affected by the result of the department with which the employee conducts control.

All conditions of the actual remuneration of the Risk Takers and employees in control functions are established by the Executive Management within the framework of this Policy. However, the remuneration conditions of the Head of Internal Audit are established by the Supervisory Board.

The Heads of Compliance and Internal Audit receive fixed pay and pension and they do not receive variable salary.

In addition to the direct remuneration, Risk Takers and employees in control functions receive other types of market-adapted employee benefits.

Publication

Once a year, Tryg publishes information on remuneration policy and practice regarding the Supervisory Board, the Executive Management and Risk Takers pursuant to s. 77(d), subs. 2-4 of the Danish Financial Business Act and the recommendations of the Committee of Good Corporate Governance (Committee under the Danish Commerce and Companies Agency), including in the Annual Report and at the company's Annual General Meeting.

Control

Minimum once a year, the Supervisory Board shall monitor compliance with the Remuneration Policy. On the recommendation of the Remuneration Committee, the Supervisory Board shall make the detailed guidelines for the control. The result of the control shall be presented to the Supervisory Board.

The Remuneration Policy is subject to the approval by the Annual General Meeting. It is reviewed annually by the Supervisory Board of Tryg and revised, if necessary. Where the Remuneration Policy is revised, any policy amendments shall be submitted to the Annual General Meeting for renewed approval.

As adopted at the Supervisory Board Meeting on 12 December 2012.

Supervisory Board of Tryg A/S