

## Remuneration Policy

with guidelines for the allocation of variable remuneration, and for special payments and pension policy

### 1. Background

This Remuneration Policy has been drawn up in accordance with *Section 106(1) of the Danish Act on Investment Firms, etc.* In accordance with Section 106(1) of the Act on Investment Firms, etc., an asset management company must have a remuneration policy and practice that are in accordance with and promote sound and effective risk management, and do not give incentives for excessive risk taking. The Remuneration Policy must be gender-neutral. The Remuneration Policy – and in particular the guidelines for the allocation of variable remuneration and for the pension policy – is furthermore prepared in accordance with Section 108 of the Act on Investment Firms, etc. Section 108 of the Act on Investment Firms, etc. sets a number of limitations to the allocation of variable remuneration elements, and pension and special payments, including severance payments. Section 107 of the Act on Investment Firms, etc. sets requirements concerning remuneration that are not in conflict with the obligations of Fondsmæglerselskabet Maj Invest A/S (Maj Invest) to act in the client's best interest, i.e. a prohibition of e.g. a remuneration structure that makes it possible to achieve variable remuneration elements based on sale to retail clients.

The Remuneration Policy and its application area, preparation, updating, control and publication are drawn up in accordance with the *updated Remuneration Policy Order*<sup>1</sup> (the "Order"). The Remuneration Policy also implements the ESG Disclosure Regulation concerning sustainability-related disclosures.

In accordance with the requirements in Section 110, as a consequence of the value of the company's assets, Maj Invest has not appointed a remuneration committee<sup>2</sup>.

---

<sup>1</sup> Order concerning remuneration policy and remuneration in banks, mortgage institutes, asset management companies, investment management companies, mutual funds and certain holding companies.

<sup>2</sup> The criterion in Section 110 is: asset management companies and asset management holding companies of which the value of balance-sheet and off-balance-sheet assets amounts to an average of DKK 750 million or more during the four-year period immediately preceding the relevant financial year must appoint a remuneration committee, cf. subsection 2, however.

## 2. Overall objective

The objective is for Maj Invest's Remuneration Policy and practice to contribute to:

- Ensuring competitive remuneration
- Promoting business development
- Giving management and employees opportunities for co-ownership, in order to strengthen value creation
- Promoting sound and effective risk management

A further objective is for the Remuneration Policy and practice to be gender-neutral and contribute to Maj Invest's compliance with the obligations concerning sustainability risks in the ESG Disclosure Regulation.

The Remuneration Policy has also been drawn up in order to observe the overall considerations in Section 9 of the Remuneration Policy Order, including that the Remuneration Policy is in accordance with Maj Invest's business strategy, values and goals, in harmony with the principles for protection of clients and investors, and includes measures to avoid conflicts of interest, ensure an appropriate balance between fixed and variable remuneration elements, and ensure compliance with the restrictions to the use of variable remuneration set out in Sections 108 and 109 of the Act on Investment Firms, etc., and that the total variable remuneration does not impair Maj Invest's opportunities to strengthen its capital base.

## 3. Area of application of the Remuneration Policy

The general principles apply to all employees of Maj Invest Holding.

The Remuneration Policy also sets restrictions concerning:

- The Board of Directors, including members elected by the employees (but not deputies) concerning their Board positions, but not for their employment as such.
- Executive Board
- Employees whose activities have a significant influence on the company's risk profile ("significant risk takers"). This group is reviewed by the Board of Directors at least once a year. At Maj Invest, currently seven employees are defined as significant risk takers, in addition to the company's Executive Board and Board of Directors: The head of the Markets function (part of the Investor Relations and Markets department), the head of the trading function in Markets (part of the Investor Relations and Markets department), the head of Finance, the head of Legal & Compliance and the two heads of Equities for Danish equities, as well as the head of Equities for value equities.

Individual elements of the Remuneration Policy also apply to:

- Employees in special functions: Employees involved in control functions, including employees who work with compliance. Besides the head of Finance in Accounting & Risk Management, who is part of the group of "significant risk takers", this is currently limited to employees in Accounting & Risk Management, employees in Legal & Compliance, and employees in Middle Office.

#### **4. The Remuneration Policy's general remuneration principles and restrictions for selected groups**

The following general remuneration principles and restrictions apply:

##### ***a. General remuneration principles and share scheme for all employees of Maj Invest:***

- Fixed salary.
- Mandatory pension contributions of up to the current 10 per cent.
- Performance-based bonus comprising between 0 and 12 months' salary. The performance-based bonus is discretionary and is determined by the management on an annual basis, typically based on an assessment of the results of the person concerned, the results of his or her department, and the company's results. In individual special cases within selected business areas subject to growth, a bonus in addition to 12 months' salary may be agreed, whereby the bonus is based on the business development within a specific area. This bonus may be non-discretionary, and is otherwise independent of the company's results.
- Employees must receive equal pay for the same work, or work of the same value, irrespective of gender and gender identity. Employees may not be subject to discrimination on the basis of gender and gender identity concerning their career opportunities, including promotion, work tasks, and education and training. Any infringement of the discrimination prohibition on the basis of gender and gender identity must be included in the annual assessment of the determination of the fixed remuneration.
- Remuneration principles and practice (for fixed remuneration) must take account of whether the employee has acted in the clients' best interest.
- Remuneration principles and practice must make it possible for employees to take account of the principles in the Sustainability Risk Policy. Failure to comply with the Sustainability Risk Policy must be included in the annual assessment of the determination of fixed remuneration.
- Individual equity incentives.

##### ***b. Board of Directors***

- There is fixed remuneration of the Board of Directors. The fixed remuneration of the overall Board of Directors at Group level is subject to approval by the annual general meeting and is disclosed in the Notes to the Annual Reports for Maj Invest. Any

changes are proposed by the Board of Directors, represented by the chairmanship, for approval by the annual general meeting.

- There is no remuneration of committees and there are no variable remuneration elements. This may be deviated from in extraordinary cases, such as special individual cases.

### ***c. Executive Board***

The remuneration of the Executive Board may consist of several elements:

- Fixed remuneration. The fixed remuneration of the Executive Board at Group level is disclosed in the Notes to the Annual Reports for Maj Invest. The fixed remuneration reflects responsibility, competences and project-related contribution. The fixed remuneration must furthermore reflect whether the Executive Board has contributed to integrating the general *remuneration principles for all employees*. The remuneration paid is disclosed in the Annual Report under Management Positions.
- Bonus scheme based on results at Group and department level, and the individual's performance. The total variable remuneration of the Executive Board at Group level is disclosed in the Notes to the Annual Reports. Bonus schemes during the past year were below or amounted to maximum DKK 100,000, where the Board of Directors has found, on the basis of specific assessment, that according to a proportionality consideration specific exemption can be made from the requirements in Section 108(1) 4) and 5) of the Act on Investment Firms, etc. New bonus schemes (which do not fall under the clause immediately below) will also be below or at DKK 100,000 *and* fulfil the following conditions in clause 5, as well as Section 108 of the Act on Investment Firms, etc., but so that the Board of Directors may also for new bonus schemes, on a proportionality basis, make a specific exemption from the requirements in Section 108(1), 4) and 5) of the Act on Investment Firms, etc.
- Performance bonus/equity incentives related to performance in specific equity funds and to specific investment undertakings in the same funds (see the Notes to the Annual Report for Maj Invest Holding A/S) are either variable remuneration agreed before 1 January 2011 or non-variable remuneration agreed before the Act on Alternative Investment Fund Managers (AIFM) entered into force. New agreements on performance bonus/equity incentives will be drawn up in accordance with AIFM, including the requirements of preferential yields in Section 20 of AIFM.
- Pension scheme whereby up to 10 per cent of the gross monthly salary is paid as a monthly pension contribution.
- Other salary benefits such as free telephone, Internet connection, newspaper, personal accident and life insurance, health insurance, etc.
- Severance payments in the range of up to two years' salary, which fulfil the conditions in Section 108(1)–(6) of the Act on Investment Firms, etc., and Sections 15–17 of the Remuneration Policy Order.

Non-solicitation clauses may have been agreed, which may lead to a payment in connection with severance.

***d. Significant risk takers and employees in special functions***

The remuneration of significant risk takers and employees in special functions may consist of several elements:

- Fixed remuneration.
- Bonus scheme based on the results of Maj Invest and an assessment of the individual's performance and results at Group and department level. Bonus schemes during the past year were below or amounted to maximum DKK 100,000, where the Board of Directors has found, on the basis of specific assessment, that according to a proportionality consideration specific exemption can be made from the requirements in Section 108(1) 4) and 5) of the Act on Investment Firms, etc. New bonus schemes (which do not fall under the clause immediately below) will be below or amount to maximum DKK 100,000 and fulfil the following conditions in clause 5, as well as Section 108 of the Act on Investment Firms, etc., but so that the Executive Board may also for new bonus schemes, on a proportionality basis, make a specific exemption from the requirements in Section 108(1) 4) and 5) of the Act on Investment Firms, etc.
- Performance bonus/equity incentives related to performance for specific equity funds and to specific investment undertakings in the same funds are either variable remuneration agreed before 1 January 2011 or non-variable remuneration agreed before the Act on Alternative Investment Fund Managers (AIFM) entered into force. New agreements on performance bonus/equity incentives will be drawn up in accordance with AIFM, including the requirements of preferential yields in Section 20 of AIFM.
- Pension scheme whereby up to 10 per cent of the gross monthly salary is paid as a monthly pension contribution.
- Other salary benefits such as free telephone, Internet connection, newspaper, personal accident and life insurance, health insurance, etc.
- Severance payments in the range of up to two years' salary, which fulfil the conditions in Section 108(1)–(6) of the Act on Investment Firms, etc., and Sections 15–17 of the Remuneration Policy Order.
- Non-solicitation clauses may have been agreed, which may lead to a payment in connection with severance.

The aforementioned restrictions may not be circumvented for significant risk takers by split employment.

For both the Executive Board and significant risk takers, (i) agreements or changes to existing agreements after 1 January 2011 concerning bonus schemes /performance bonus; (ii) pension contributions, etc.; and (iii) special payments, including severance payments, must

be in accordance with clause 5 of the Guidelines for allocation of variable remuneration elements, see below.

## 5. Guidelines for allocation of variable remuneration elements

### *Variable remuneration elements for the Executive Board*

Variable remuneration elements that are paid out in accordance with agreements established or amended after 1 January 2011 are subject to the following limitations:

- *Who decides them:* The Board of Directors, represented by the chairmanship, annually decides on the Executive Board's variable remuneration elements. The bonus schemes are discretionary and are determined on the basis of:
  - An assessment of the Executive Director's results, the results of his or her departments, and the company's results;
  - Consideration of non-financial criteria, such as compliance with internal rules and procedures;
  - and must otherwise reflect existing and future risks.

The evaluation of the Executive Directors' results is based on discussions between the CEO and the chairmanship.

- *Maximum amounts:* The variable remuneration element may amount to a maximum of DKK 100,000 per annum (in addition to any preferential yields).
- *What they may consist of – exemption from payment in instruments:* For a bonus of maximum DKK 100,000 – on the basis of a proportionality consideration of the circumstances of Maj Invest and the Executive Director – the Board of Directors may make specific exemption from the requirements in Section 108(1) 4) of the Act on Investment Firms, etc. that payment may take place in cash, without adherence to the instrument requirement in the *Remuneration Policy Order*.
- *When they may be paid – exemption from the deferral requirement:* For a bonus of maximum DKK 100,000 – on the basis of a proportionality consideration of the circumstances of Maj Invest and the Executive Director – the Board of Directors may make specific exemption from the requirements in Section 108(1) 5) of the Act on Investment Firms, etc. that payment may take place without deferral and retention and will not adhere to the requirements in the *Remuneration Policy Order* in this respect.
- *Retention (back testing) and reimbursement (claw back):* Bonus must otherwise comply with the principles in Section 108, including the rules concerning retention if the award criteria are not fulfilled in accordance with Section 108 (5) (back testing) of the Act on Investment Firms, etc.; and concerning reimbursement if the employee is not in good faith, in accordance with Section 108(5) (claw back) of the Act on Investment Firms, etc.

### *Variable remuneration elements for significant risk takers.*

The following limitations will apply to *significant risk takers*:

- *Who decides them*: The Executive Board will annually consider the variable remuneration elements for this group. The Board of Directors will exercise control of the remuneration. The bonus schemes are discretionary and are determined on the basis of:
  - An assessment of the recipient's results, the results of his or her department, and the company's results;
  - Consideration of non-financial criteria, such as compliance with internal rules and procedures;
  - and must otherwise reflect existing and future risks.

The evaluation of the employee's performance during the year takes place as an annual employee development agreement.

- *Maximum amounts*: The variable remuneration element may amount to a maximum of DKK 100,000 per annum (in addition to any preferential yields). The maximum variable remuneration element will also apply at Group level, so that in the event of split employment, the variable remuneration element for a significant risk taker may amount to a maximum of DKK 100,000 per annum.
- *What they may consist of – exemption from payment in instruments*: For a bonus of maximum DKK 100,000 – on the basis of a proportionality consideration of the circumstances of Maj Invest and the risk taker – the Executive Board may make specific exemption from the requirements in Section 108(1) 4) of the Act on Investment Firms, etc. and decide that payment may take place in cash, without adhering to the instrument requirement in the *Remuneration Policy Order*.
- *When they may be paid – exemption from the deferral requirement*: For a bonus of maximum DKK 100,000 – on the basis of a proportionality consideration of the circumstances of Maj Invest and the risk taker – the Executive Board may make specific exemption from the requirements in Section 108(1) 5) of the Act on Investment Firms, etc. and decide that payment may take place without deferral and retention and will not adhere to the requirements in the *Remuneration Policy Order* in this respect.
- *Retention (back testing) and reimbursement (claw back)*: Bonus must otherwise comply with the principles in Section 108, including the rules concerning retention if the award criteria are not fulfilled in accordance with Section 108 (5) (back testing) of the Act on Investment Firms, etc.; and concerning reimbursement if the employee is not in good faith, in accordance with Section 108(5) (claw back) of the Act on Investment Firms, etc.

**For employees in special functions the following limitations will apply:**

- Variable remuneration elements must be independent of the results of the activities or the services controlled by the employee.

## **6. Guidelines for special payments, including severance payments**

For the Executive Board, members of the Board of Directors elected by the employees, and significant risk takers, agreed severance payments may not exceed two years' fixed salary including pension, and must otherwise fulfil the requirements in Sections 15–17 of the Remuneration Policy Order. Non-solicitation clauses may have been agreed, which may lead to a payment in connection with severance. A severance payment may also be required in accordance with the Danish Salaried Employees Act. New appointment payments must likewise fulfil the requirements in Section 16 of the Remuneration Policy Order.

## **7. Guidelines for pensions (pension policy)**

The Executive Board, members of the Board of Directors elected by the employees, and significant risk takers, like the other employees, are subject to a pension scheme whereby Maj Invest currently pays in up to 10 per cent of the gross monthly salary as a monthly pension contribution. No discretionary pension contributions may be agreed or paid out.

## **8. Preparation and updating, and control of compliance with the Remuneration Policy**

To ensure that the Remuneration Policy fulfils its purpose and the regulatory requirements, and that the policy is adjusted to the company's development, the Board of Directors reviews the Remuneration Policy once a year, and ensures that it is approved by the annual general meeting.

The Board of Directors ensures that once a year there is control of compliance with the Remuneration Policy. Guidelines for the Executive Board for control of the Remuneration Policy are laid down by the Board of Directors, which receives annual reports on the results of this control. The control is planned to ensure the greatest possible independence of the departments of Maj Invest that are controlled, with due consideration of Maj Invest's limited size, organisation and activities.

The Board of Directors, Executive Board and Legal & Compliance were involved in the preparation of the updating of the Remuneration Policy, which the Board of Directors has assessed to be responsible, taking due account of the company's limited size, and the organisation, scope and complexity of the activities of Maj Invest, and in particular the limited extent of variable remuneration.

## **9. Publication of Remuneration Policy, etc.**

The Executive Board ensures that the employees who are subject to the Remuneration Policy are familiar with this Policy.

Information concerning the Remuneration Policy and practice will be published in accordance with Sections 19, 20 and 22 of the Remuneration Policy Order. Selected details of the Remuneration Policy and practice will be published in the Annual Report published on the company's website [www.majinvest.com](http://www.majinvest.com).

The total remuneration of each member of the Board of Directors and Executive Board received by the person concerned on the basis of his or her duties for the company, and which the person concerned has received during the same year as a member of the Board of Directors or Executive Board of a company within the same Group, will be published.

*Questions concerning Maj Invest's Remuneration Policy can be addressed to CEO Jeppe Christiansen. Approved at the meeting of the Board of Directors on 2 March 2021. Approved at the Annual General Meeting in 2021.*

Adopted by the Board of Directors at the meeting of the Board of Directors on 2 March 2021.

Board of Directors:

---

Chairman of the Board  
Tommy Pedersen

---

Board member  
Jørgen Tang-Jensen

---

Board member  
Nils Bernstein

---

Board member  
Maria Hjorth

---

Board member  
Tomas Munksgard Hoff

---

Board member  
Anders Møller Olesen