

## **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 77 a and Section 77 d(1) of the Danish Financial Business Act (FIL)*. Under Section 77 d(1), a financial holding enterprise 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 especially the guidelines for the allocation of variable remuneration and for the pension policy – is furthermore prepared in accordance with *Section 77 a of FIL*. Section 77 a of FIL includes a number of restrictions to the allocation of variable remuneration elements, and pension and special payments, including severance payments.

The Remuneration Policy and its application area, preparation, updating, control and publication are drawn up in accordance with the *updated Consolidated Act of 10 June 2021 concerning a Remuneration Policy<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 77 c of FIL, as a consequence of the company's size, Maj Invest Holding has not appointed a remuneration committee<sup>2</sup>.

### **2. Overall objective**

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

- Ensuring competitive remuneration
- Promoting business development

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<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 77 c of FIL is: Banks, mortgage credit institutes, asset management companies, investment management companies and financial holding companies whose capital units are admitted to trading in a regulated market, or which in the last two financial years as of the balance sheet date have had an average of 1,000 or more full-time employees, must appoint a remuneration committee, see subsection 2, however.

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

It is also the objective that the Remuneration Policy and practice are gender-neutral and take account of the extent to which Maj Invest Holding's remuneration structure must contribute to appropriate management of sustainability risks, cf. 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 Holding'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 Section 77 a of FIL, and that the total variable remuneration does not impair Maj Invest Holding'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. Maj Invest Holding currently has two employees in addition to the Executive Board who are defined as significant risk takers. The head of Finance in Accounting & Risk Management, and the head of Legal & Compliance.

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 IT.

#### **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 for all employees of Maj Invest Holding:*

- 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.
- Maj Invest Holding does not have a separate sustainability risk policy. Remuneration principles and practice in Maj Invest Holding are therefore solely intended to take account of principles for integration of sustainability risks at subsidiary level. This is taken into account in Maj Invest Holding's respective subsidiaries.
- 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 Holding. 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 Holding. 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 have been below or at maximum DKK 100,000, for which the Board of Directors has determined, based on a concrete assessment, that on a proportionality basis, a specific exemption can be made from the requirements in Section 77 a(1), paras (4) and (5) of FIL. 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 77 a of FIL, 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 77 a(1), paras (4) and (5) of FIL.
- 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) 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 77 a(1)–(6) of FIL, and Sections 15–17 of the 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 Holding and an assessment of the individual's performance and results at Group and department level. Bonus schemes during the past year were below or at maximum DKK 100,000 for which the Executive Board has determined, based on a concrete assessment, that on a proportionality basis, a specific exemption can be made from the requirements in Section 77 a(1), paras (4) and (5) of FIL. New bonus schemes (which do not fall under the clause

immediately below) will be below or at the maximum amount of DKK 100,000 and fulfil the following conditions in clause 5, as well as Section 77 a of FIL, 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 77 a(1), paras (4) and (5) of FIL.

- 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 77a(1)–(6) of FIL, and Sections 15–17 of the 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:* The Board of Directors may – for a bonus of maximum DKK 100,000 – on a proportionality basis, with consideration of the circumstances of Maj Invest Holding, as well as the Executive Director, grant specific exemption from the requirements in Section 77 a(1), para (4) of FIL that payment may take place in cash, and not follow the instrument requirement in the *Order*.
- *When they may be paid – exemption from the deferral requirement:* The Board of Directors may – for a bonus of maximum DKK 100,000 – on a proportionality basis, with consideration of the circumstances of Maj Invest Holding, as well as the Executive Director, grant specific exemption from the requirements in Section 77 a(1) para (5) of FIL that payment may take place without deferral and retention, and not follow the appurtenant requirements in the *Order*.
- *Retention (back testing) and reimbursement (claw back):* Bonus must otherwise comply with the principles in Section 77 a, including the rules concerning retention, if the award criteria are not fulfilled in accordance with the rule in Section 77 a(5) (back testing); and the reimbursement rules, if the employee is not in good faith, in Section 77 a(5) (claw back) of FIL.

### ***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:* The Executive Board may – for a bonus of maximum DKK 100,000 – on a proportionality basis, with consideration of the circumstances of Maj Invest Holding, as well as the risk taker, grant specific exemption from the requirements in Section 77 a(1), para (4) of FIL and decide that payment may take place in cash, and not follow the instrument requirement in the *Order*.

- *When they may be paid – exemption from the deferral requirement:* The Executive Board may – for a bonus of maximum DKK 100,000 – on a proportionality basis, with consideration of the circumstances of Maj Invest Holding, as well as the risk taker, grant specific exemption from the requirements in Section 77 a(1) para (5) of FIL and decide that payment may take place without deferral and retention, and not follow the appurtenant requirements in the *Order*.
- *Retention (back testing) and reimbursement (claw back):* Bonus must otherwise comply with the principles in Section 77 a, including the rules concerning retention, if the award criteria are not fulfilled in accordance with the rule in Section 77 a(5) (back testing); and the reimbursement rules, if the employee is not in good faith, in Section 77 a(5) (claw back) of FIL.

***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 Holding 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 Holding that are controlled, with due consideration of Maj Invest Holding'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 Holding, 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 in the Annual Report in accordance with Section 77 d(3) of FIL.

*Questions concerning Maj Invest Holding's Remuneration Policy can be addressed to CEO Jeppe Christiansen. Approved at the meeting of the Board of Directors on 7 March 2023. Approved at the Annual General Meeting in 2023.*

Adopted by the Board of Directors at the meeting of the Board of Directors on 7 March 2023.

Board of Directors:

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Chairman of the Board

Tommy Pedersen

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Board member

Jørgen Tang-Jensen

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Board member

Nils Bernstein

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Board member

Maria Hjorth

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Board member

Britta Korre Stenholt

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Board member

Kirsten Slot

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Board member

Søren Krag Jacobsen

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Board member

Tomas Munksgard Hoff