

# **Remuneration Policy for VP SECURITIES**

**For adoption by the annual general meeting 3. April 2019**





## **Remuneration Policy for VP SECURITIES**

### **Background**

The remuneration policy is in line with Regulation (EU) no. 909/2014 of 23 July 2014 (CSDR).

### **Principles for the Remuneration Policy**

The purpose is to ensure a remuneration policy and practice for VP SECURITIES A/S and subsidiaries (hereafter VP) which:

- is in accordance with VP's business strategy, values and long-term objectives, including a sustainable business model.
- is competitive and in conformity with the market, and thereby sufficiently attractive to attract and retain employees with the right expertise.
- is in harmony with the principles concerning the protection of customers and investors in conjunction with the performance of VP's business and services, and includes measures to avoid conflicts of interest
- ensures that the overall variable remuneration which VP has undertaken to pay, not erodes the company's opportunities to strengthen its capital base
- is in accordance with and promotes sound and effective risk management, and does not encourage excessive risk taking.

The remuneration policy must be approved at the annual general meeting at least every fourth year and upon material amendments.

### **Determination of fees and remuneration**

Fees to the Board of Directors, including members elected by the employees and board committees, are determined and adopted once a year by the Annual General Meeting.

The Board of Directors determines the salary terms for the Executive Board and Chief Audit Executive.

The Executive Board determines the salary terms of all other employees.

Salaries are based on an individual assessment of job profile, responsibility, skills, results and contribution.

VP does not offer sign-on bonus.

Bonus schemes are only offered to selected groups of employees and are linked to qualitative and quantitative targets.

Payment of variable remuneration is done upon recommendation to the Remuneration Committee.



### **Remuneration of the Board of Directors**

Members of the Group's Board of Directors receive a fixed fee.

The fees to the members of the Board of Directors are not related to the company's operating results, and no variable remuneration elements are paid, such as shares, options, bonus or pension contributions.

Nonetheless, the members of the Board of Directors elected by the employees are subject to the thresholds described in the Remuneration Policy in conjunction with the performance of their job at VP.

The fee is fixed at a level which is in conformity with the market and reflects the qualifications and skills required, in view of VP's size and complexity.

Fees do not release pension contributions.

### **Remuneration of the Executive Board**

On the basis of the annual evaluation of the Executive Board, the Remuneration Committee submits a recommendation for any adjustment of the Executive Board's remuneration, for approval by the Board of Directors.

The Executive Board's remuneration may comprise a fixed salary and variable salary elements in the form of e.g. a discretionary bonus. However, the variable salary elements may not exceed three months' salary per year.

The total value of the remuneration relating to the notice period for members of the Executive Board, including severance pay, cannot exceed two years of remuneration, including all components of the remuneration.

### **Remuneration of Internal Audit**

The remuneration of the Chief Audit Executive (Internal Audit) and internal audit employees is not related to the company's operating results.

No variable salary elements in the form of shares, options, bonus or pension contributions are paid.

However, the persons may receive ordinary employee benefits, in conformity with market conditions.

### **Remuneration of Risk & Compliance**

The remuneration of the Chief Risk & Compliance Officer (CRCO) and employees in the Risk & Compliance function is not related to the company's operating results.

No variable salary elements in the form of shares, options, bonus or pension contributions are paid.

However, the persons may receive ordinary employee benefits, in conformity with market conditions.



### **Criteria for awarding variable salary elements to other persons**

There may be paid up to three months' salary per employee per year as variable salary elements, including to the Chief Technology Officer (CTO) and employees in the Technology function. This amount does not include statutory compensation (e.g. severance payments).

Any severance payments will be determined in accordance with the provisions of the Danish Salaried Employees Act, the Collective Agreement between FA (the financial sector's employer organisation) and the Financial Services Union Denmark, and legal practice.

Pension contributions are subject to the Collective Agreement between FA and the Financial Services Union Denmark, or are included as part of the overall gross salary.

### **Control and reporting**

The Board of Directors must ensure that compliance with the Remuneration Policy is controlled at least once a year. The Board of Directors shall lay down the guidelines for the control, which is performed by Risk & Compliance as agreed with People.

Once a year, Risk & Compliance shall report to the Board of Directors on the results of this control.

The company prepares a remuneration report that includes information on the total remuneration received by each member of the Board of Directors and the Executive Board from the company and other companies in the group and any associate companies for the last three years.

The Remuneration Policy as well as the remuneration report will be published.

Adopted by the Annual General meeting on 3 April 2019.