

Board committees - working tasks

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The board of directors has appointed a remuneration committee, a nomination committee, an audit committee and a risk committee.

Find below subsequent information about the individual committees' working tasks:

Remuneration committee

The bank's board of directors has agreed a brief for the remuneration committee which includes provisions on scope and objective, members and how it is constituted, tasks, meetings, authority and resources, reporting and minutes of meetings, publication, evaluation and self-assessment, as well as changes to its brief.

The remuneration committee is, as a minimum, responsible for the following tasks:

- Negotiation with the general management on remuneration of the general management. Full briefing is provided to the board of directors, and final agreement is concluded on behalf of the entire board of directors (as needed)
- Undertaking the preparatory work for the board of directors' decisions on remuneration, including the remuneration policy and any other associated decisions that may affect the bank's risk management and, in that connection, undertaking any tasks and obligations following from the legislation, including:
 - Advising the board of directors on the development of the remuneration policy, assisting the board with its monitoring of compliance with it, assessing whether the remuneration policy needs to be updated and, if necessary, proposing changes to the policy, including:
 - Drafting the remuneration policy for approval by the board of directors before recommendation for approval by the general meeting
 - Drafting and recommending guidelines for the board of directors' monitoring of compliance with the remuneration policy etc. for approval by the board of directors, including ensuring that compliance with the policy is monitored
 - Monitoring remuneration of the management of the part of the organisation in charge of monitoring the limits of risk-taking, and the management of the part of the organisation otherwise in charge of monitoring and auditing, including the management of the compliance function and the chief internal auditor
 - Ensuring that the information on the bank's remuneration policy and practice presented to the general meeting is adequate
 - Assessing whether the bank's procedures and systems are adequate and allow for the bank's risks associated with the management of capital and liquidity in relation to the remuneration structure
 - Ensuring that the bank's remuneration policy and practice are in accordance with and promote sound and effective risk management and comply with the bank's business strategy, objectives, values and long-term interests
 - Ensuring that independent control functions and other relevant functions are included to the extent necessary for the performance of such tasks and, if necessary, seeking external advice
- In its preparatory work, and with reference to the adopted remuneration policy, the committee must protect the bank's long-term interests, including those of shareholders, other investors and the public

- Other remuneration-related tasks, including supporting the board of directors in its task of identifying major risk takers
- Tasks in connection with the bank's compliance with the remuneration policy under the special requirements for housing

In addition, the Recommendations on Corporate Governance require the remuneration committee to undertake at least the following preparatory tasks:

- Prior to approval by the shareholders' committee, the remuneration committee must submit proposals for remuneration of members of the bank's board of directors and shareholders' committee to the board and the shareholders' committee, ensure that the remuneration is in accordance with the bank's remuneration policy and recommend a remuneration policy applying to the bank in general
- Assist with preparing the annual remuneration report for approval by the board of directors before recommendation for a consultative vote by the general meeting

Nomination committee

The bank's board of directors has agreed a brief for the nomination committee which includes provisions on scope and objective, members and how the committee is constituted, tasks, meetings, authority and resources, reporting and minutes of meeting, publication, evaluation and self-assessment, as well as changes to the brief.

The nomination committee is, as a minimum, responsible for the following tasks:

- Proposing candidates for election to the board of directors, including preparing a description of the functions and qualifications required for the specific position on the board and stating the time the board member must expect to allocate to the work
- Regularly and at least once a year prepare proposals and recommendations for the board of directors regarding the election and reelection of members to the bank's shareholders' committee
- Setting a target percentage of the under-represented gender for board members elected by the shareholders' committee unless there is an equal distribution of women and men among the board members elected by the shareholders' committee
- Setting a target percentage of the under-represented gender at other management levels unless there is an equal distribution of women and men at the other management levels
- Preparing a policy for increasing the percentage of the under-represented gender at other management levels unless there is an equal distribution of women and men at the other management levels
- Preparing a policy for diversity on the board of directors encouraging sufficient diversity in qualifications and competences among the board members
- Regularly and at least once a year assessing the board of directors' size, structure, composition and results in relation to its tasks and reporting and making recommendations to the full board of directors for any changes
- Regularly and at least once a year assessing whether the full board of directors has the required combination of knowledge, professional skills, diversity and experience, and whether the individual member meets the requirements of sections 64 and 64a of the Danish Financial Business Act, and reporting and making recommendations to the full board of directors for any changes
- Regularly and at least once a year, assessing whether the members of the audit committee has the required knowledge, professional skills and experience, and whether the audit committee as a whole has the competencies relevant to the financial sector, as well as whether these competencies are sufficient to ensure that the audit committee can fulfil the tasks assigned to it pursuant to section 31(1) of the Danish Audit Act
- Regularly ensuring that the board of directors' decision-making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the bank as a whole

In addition, the Recommendations on Corporate Governance require the nomination committee to undertake at least the following preparatory tasks:

- Annually ensuring that the board members update and supplement their knowledge of relevant matters, and that the members' special knowledge and competences are applied in the best possible manner
- Annually discussing which competences the board of directors should possess, collectively and individually, to perform its duties in the best possible manner and discussing the composition of and diversity on the board of directors and presenting the conclusions to the discussions to the board of directors

- Describing the required qualifications for a given position on the board of directors and the general management, the estimated time required for the position and the competences, knowledge and experience that are or should be represented in the two management bodies. The description of the qualifications for a given position on the general management may be made on an ad hoc basis
- Annually evaluating the board of directors and the general management's structure, size, composition and results and preparing recommendations to the board of directors for any changes
- In cooperation with the chair of the board and the chair of the committee handling the annual evaluation of the board of directors and assessing the individual board members' competences, knowledge, experience and succession and reporting to the board of directors
- Handling the recruitment of new members to the board of directors and the general management and proposing candidates for the board of directors' approval
- Ensuring that a succession plan for the general management is in place
- Supervising preparation of a diversity policy for the board of directors' approval
- Supervising general management's policy for the engagement of managerial employees

Finally, Finance Denmark's Corporate Governance Code requires the nomination committee to undertake at least the following preparatory tasks:

- Ensuring that the bank uses a well-described, structured process when recruiting candidates for the board of directors and possibly brings in external expertise

Audit committee

The bank's board of directors has agreed a brief for the audit committee which includes provisions on how the committee is constituted and its objective, members, meetings, authority etc., tasks, reporting and self-assessment.

The audit committee is, as a minimum, responsible for the following tasks:

- Informing the board of directors of the result of the statutory audit, including the financial reporting process
- Monitoring the financial reporting process and making recommendations or proposals for the purpose of ensuring integrity, including in relation to the financial statement and the sustainability statement
- Monitoring whether the bank's internal control system, internal audit and risk management systems are effective with respect to the financial reporting of the bank without violating its independence
- Monitoring the statutory auditing of the financial statements etc.
- Monitoring and verifying the auditor's independence, pursuant to sections 24-24c of the Act on Approved Auditors and Audit Firms and to Article 6 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, and approving the auditor's provision of services other than audit, pursuant to Article 5 of the Regulation
- Being in charge of the procedure for selecting and recommending an auditor for election, pursuant to Article 16 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities

Risk committee

The bank's board of directors has agreed a brief for the risk committee which includes provisions on scope and objective, members and how the committee is constituted, tasks, its meetings, authority and resources, reporting and minutes of meetings, publication, evaluation and self-assessment, as well as changes to its brief.

The risk committee is, as a minimum, responsible for the following tasks:

- Advising the board of directors on the bank's general, existing and future risk profile and risk strategy
- Assisting the board of directors with ensuring that the board's risk strategy is implemented correctly in the organisation
- Assessing whether the financial products and services traded by the bank are in accordance with the bank's business model and risk profile, including whether the earnings on such products and services reflect the associated risks, and preparing proposals for remedies if the products or services and the associated earnings are not in accordance with the bank's business model and risk profile
- Assessing whether the incentive components of the bank's remuneration structure take account of the bank's risks, capital, liquidity and the probability and time of payment of remuneration (under the bank's remuneration policy, no forms of incentive components are used for the bank's board of directors and general management)
- Discussing and considering the risk manager's reporting to the board of directors either before the discussion and consideration at the actual board meeting or simultaneously if discussed and considered at a combined committee and board meeting
- Conducting a review of the quarterly credit reports

Regarding all four committees in general, in cases where a committee consists of the bank's full board of directors or where the full board of directors participates in a committee meeting, both the committee and the board of directors' proceedings may take place simultaneously.

Disclaimer:

This document is a translation of an original document in Danish. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.