

Board committees - working tasks

Published the 1 February 2023

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
- 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 monitoring 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 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:

- Preparing proposals and recommendations for the election and re-election of members to the bank's shareholders' committee and board of directors, including considering proposals for election and re-election, recruiting candidates for the bank's general management, including describing all qualifications required of the board of directors and of the bank's general management etc. The process of recruitment of candidates for the board of directors is carried out on the basis of discussions in the committee
- 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 possible changes
- In partnership with the chair of the committee, undertaking the annual board evaluation, including assessing the individual board members' competences, knowledge and experience, assessing whether the full board of directors has the required combination of knowledge, professional skills, diversity and experience, and whether individual members meet the requirements of section 64 of the Danish Financial Business Act, and reporting and making recommendations to the full board of directors for possible changes, including a possible action plan for the future composition and proposals for specific changes. Individual members of the management (board of directors) must also regularly assess that they have allocated sufficient time to their duties: see section 64a of the Danish Financial Business Act. The nomination committee must assess at least once a year whether it agrees with the individual's assessment
- Regularly and at least once a year evaluating the bank's general management, including its size, structure, composition and results, and making recommendations to the board of directors and ensuring that the board of directors discusses succession plans when judged to be necessary
- Regularly reviewing the board of directors' policy for selection and appointment of members to the general management if such a policy has been prepared, and making recommendations to the board of directors (currently there is no such policy)
- Setting a target percentage of the under-represented gender on the board of directors and preparing a policy on how to reach this figure
- Preparing a policy for diversity on the board of directors.

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
- 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 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 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)
- 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.