

## Remuneration policy in Danske Capital AB

This Remuneration policy substitutes any older remuneration policies of Danske Capital AB (“the Management Company”).

The remuneration policy of the Danske Bank Group (“the Group”) applies to all Group employees, according to approved terms and conditions from time to time. The Group remuneration policy for 2017 was approved by the Board of Directors of Danske Bank A/S on 31 January 2017 as presented by the Remuneration Committee of Danske Bank A/S.

In order to comply with local regulation, the Group remuneration policy allows for some entities and units within the Group to have remuneration policies and guidelines that apply in addition to the Group’s remuneration policy. The Management Company is such an entity. The Management Company has identified a few areas where it needs to implement additional requirements in the Management Company’s own remuneration policy to comply with applicable Swedish legislation.

According to applicable legislation, identified staff (Sw. särskilt reglerad personal) including senior management, risk takers, control functions and employees receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the Management Company’s risk profile or the risk profiles of the UCITS that it manages, are subject to specific restrictions with regard to the accrual and payment of variable remuneration. In accordance with applicable legislation once a year, subject to the policy of conducting an annual assessment process, the Board of Directors in the Management Company identifies employees who are risk takers and employees in control functions in accordance with relevant legislation.

The Management Company has implemented two different models for variable remuneration:

- Risk takers: This model applies to employees, who fall into the category of risk takers and who are subject to the Group Remuneration Policy, as well as the Management Company Remuneration Policy.
- Other employees: The other model applies to all employees (i.e. non-risk takers) and who are solely subject to the Group Remuneration Policy. The Management Company has made this decision based on the principles of proportionality, its size and asset under management.

The Management Company will comply with the Group’s remuneration policy applicable at the time, the Swedish FSA’s (Sw. Finansinspektionen) regulations on variable remuneration (FFFS 2016:26) as well as employment law and binding collective bargaining agreements with the amendments and potential exemptions that are presented in this remuneration policy. In case of discrepancy between the Group’s remuneration policy and this remuneration policy, this remuneration policy shall prevail.

## 1. Risk takers

### a. Board of Directors

Members of the Board of Directors receive a fixed fee. Board members are not covered in their capacity as Board members by incentive programmes and do not receive performance-based remuneration. If the member is employed by the Danske Bank Group and appointed as member due to the employment the fee is 0 (nil) SEK.

The remuneration is set at a level that is market aligned and reflects the qualifications and competencies required in view of the Management Company's size and complexity, the responsibilities and the time the Board members are expected to allocate to fulfil their duties as Board members. No pension contributions are payable on Board members' fees.

The actual remuneration of the board members is stated in the annual report.

The Board of Directors submits details of their remuneration to the Annual General Meeting of the Management Company for approval.

### b. Members of management and other risk takers,

Members of the management in the Management Company and other risk takers can receive variable remuneration. The criteria for receiving variable remuneration is applied in accordance with the Group remuneration policy's requirements and the additional requirements established by the Management Company remuneration policy.

The variable remuneration is established in accordance with the criteria set out in the Group remuneration policy.

Both the portfolio managers as well other identified risk takers, such as members of the management, can be allocated units in funds.

The use of units may not trigger an interest misalignment or encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the relevant fund.

Vesting of variable remuneration:

The variable remuneration is deferred as follow: The proportion of the variable remuneration that is to be deferred is 40 % or 60 %, depending on the impact the employee (or category of staff) has on the risk profile of the fund managed by the Management Company and the responsibilities and tasks performed, and depending on the amount of variable remuneration.

The variable remuneration is deferred for a period of minimum 3 years with a payment of 1/3 per year.

Prior to the award and the subsequent vesting of the variable remuneration the Management Company makes a risk adjustment (ante and post back testing). The reason for a reduction of the variable remuneration can be, e.g. (non-exhaustive):

- That the Management Company does not fulfil capital requirements for the Management Company.
- Breach of legislation or material breach of company policies (e.g. risk limit breaches) by the employee.
- Material errors in the basis for the calculation of the variable remuneration.

- Significant downturn in the financial performance of the Management Company and/or the funds managed by the Management Company.
- Significant changes in the overall financial situation of the Management Company.

The back testing is supported by appropriate clawback clauses in the agreement on variable remuneration with the individual employee.

Retention of minimum 12 months applies to the part of the variable remuneration awarded in units in the fund managed by the Management Company in accordance with the requirements after the Group's remuneration policy.

## 2. Employees in control functions

Employees in control functions receive a fixed fee. They are not covered by incentive programmes and do not receive performance-based remuneration.

## 3. Other employees

Other employees (not covered by the regulatory framework on remuneration) can receive variable remuneration. The criteria for receiving variable remuneration is applied in accordance with the Group remuneration policy's requirements and thresholds.

### Allocation of performance-based remuneration

The Management Company does not have a separate Remuneration Committee since it is covered by the Remuneration Committee of the Group.

The Chairman shall recommend to the Board of Directors the amount to be allocated to the performance-based remuneration pool of the Management Company. The distribution to employees of the performance-based remuneration pool shall be decided by the Managing Director, except for remuneration to the Managing Director which is decided by the Board of Directors.

The Board of Directors approves the remuneration policy. This policy is reviewed and agreed at least annually. The relevant control function and supervisory function (i.e. Compliance, Risk management, Internal Audit and HR-Legal) responsible for the Management Company at the time should be closely involved in reviewing the remuneration policy and remuneration system of the Management Company.

The remuneration policy's implementation must be subject, at least annually, to an independent review for compliance with the remuneration policy adopted by the Management Company.