

## **Mandate of the Board Remuneration Committee of Nykredit A/S and Nykredit Realkredit A/S**

### **1. Purpose**

- 1.1 Pursuant to the Danish Recommendations on Corporate Governance and the Danish Financial Business Act, Nykredit A/S and Nykredit Realkredit A/S ("Nykredit") have set up a Board Remuneration Committee.
- 1.2 The Board Remuneration Committee is a joint committee serving the entire Nykredit Group.
- 1.3 The Board Remuneration Committee was set up after approval by the Board of Directors on 19 May 2010.
- 1.4 The Board Remuneration Committee undertakes the preparatory work preceding the Board of Directors' resolutions with respect to remuneration, including the Company's remuneration policy and other decisions in this respect which may affect the Group's risk management, and makes specific proposals for the remuneration of the Board of Directors and the Group Executive Board. The tasks of the Board Remuneration Committee are further described under 6 below.

### **2. Composition and skills**

- 2.1 The Board Remuneration Committee is composed of three or four members appointed by and among the members of Nykredit's Board of Directors. The members of the Board Remuneration Committee, including its chairman, are, as far as possible, appointed at the first meetings of the Boards of Directors after the annual general meetings of the Companies.
- 2.2 At least one of the committee members must be a person who is elected staff representative to the Board of Directors of Nykredit.
- 2.3 The members of the Board Remuneration Committee are appointed for a term of one year, but may be discharged by the Board of Directors at any time.
- 2.4 The Board Remuneration Committee must be composed so as to ensure that its members possess the knowledge, qualifications and skills necessary to understand and oversee the remuneration policy and practice, risk management and controls, especially regarding alignment of the Group's remuneration structure with the Group's risk profile and its capital and liquidity management. Furthermore, the Committee must be able to make a qualified and independent assessment of the compliance of the Group's remuneration, including the remuneration policy and related business

procedures, with sections 77a and 77d(1) and rules issued under section 77h of the Danish Financial Business Act.

### **3. Frequency and convening of meetings**

- 3.1 Meetings of the Board Remuneration Committee are held at the frequency deemed necessary by its chairman. The expectation is three or four meetings a year. However, any member of the Board Remuneration Committee may request a meeting of the Committee when that member deems it necessary.
- 3.2 The meetings of the Board Remuneration Committee are preferably held prior to the meetings of the Board of Directors at which the Board of Directors is to consider/approve matters within the remit of the Committee.
- 3.3 The meetings of the Board Remuneration Committee are convened by the chairman or, at the chairman's discretion, the committee secretary, who provides the secretariat function for the Committee. Urgent matters may be decided by written procedure. The deadline for comments by the individual members must be at least 24 hours.
- 3.4 In consultation with the chairman, the committee secretary prepares an agenda which is distributed prior to each committee meeting. Any written material will, if possible, be attached to the agenda.

### **4. Structure and conduct of meetings**

- 4.1 The meetings of the Board Remuneration Committee are attended by the members of the Committee and, upon request, Nykredit's Group Chief Executive and Head of HR as well as the committee secretary.
- 4.2 At the chairman's discretion, other persons may attend the committee meetings.
- 4.3 The chairman chairs the meetings of the Board Remuneration Committee.
- 4.4 The committee secretary takes and keeps minutes of each meeting of the Board Remuneration Committee. The minutes are signed by all members present. The minutes state the business that has been transacted and any recommendations made to the Board of Directors. Any committee member who disagrees with a recommendation to the Board of Directors is entitled to have its opinion included in the minutes.
- 4.5 Draft minutes are sent to the members of the committee after each committee meeting. The committee members must submit any comments on the minutes to the committee secretary as soon as possible.
- 4.6 After each meeting of the Board Remuneration Committee, the Board of Directors is informed of the business transacted. The Board of Directors is briefed orally at its next meeting, see 7.1, and subsequently in writing by receipt of the minutes of the meeting.

- 4.7 The Board Remuneration Committee is subject to the same confidentiality rules as the Board of Directors.

## **5. Decision-making powers and authority**

- 5.1 The Board Remuneration Committee forms a quorum when not less than half its members, including the chairman, are present.
- 5.2 The Board Remuneration Committee reports to and may recommend proposals for adoption by the Board of Directors. The Board Remuneration Committee has no independent decision-making powers and may therefore only make decisions regarding recommendations to the Board of Directors. Such decisions are made by a simple majority. In case of an equality of votes, the chairman of the Board Remuneration Committee has the casting vote.
- 5.3 The Board Remuneration Committee is authorised to review, examine and supervise all matters within the framework of this Mandate and to obtain any required information. The Board Remuneration Committee may involve the independent control functions and other relevant Group functions where necessary to carry out its tasks. The Board Remuneration Committee may also retain the services of an external adviser other than the adviser to the Executive Board of the Company if it considers this to be required.
- 5.4 The Board Remuneration Committee must be provided with the means and facilities that it may reasonably deem necessary for the performance of its tasks, including the requisite secretarial assistance.
- 5.5 The Board Remuneration Committee must be informed of the total amount of remuneration that members of the Board of Directors and the Group Executive Board receive from other Companies in the Group.

## **6. Tasks**

- 6.1 The tasks of the Board Remuneration Committee are:
- 6.1.1 General tasks:
- (i) to qualify proposals for remuneration prior to consideration by the Board of Directors, including approval of maximum variable remuneration for the coming year, the total budget for bonus payments for the coming year and distribution of total bonus for the past year,
  - (ii) to review and consider the criteria and process for identifying staff with a material impact on Nykredit's risk profile, which are laid down in the Board of Directors' guidelines for identifying risk takers, which are subject to approval by the Board of Directors, and to annually consider and recommend for approval by the Board of Directors an updated list of material risk takers,
  - (iii) to recommend to the Board of Directors an open and transparent

remuneration policy applicable to the Board of Directors, the Group Executive Board, material risk takers and other staff in compliance with the remuneration rules of financial legislation, based on recommendations 3.4.5 and 4 of the Recommendations on Corporate Governance and including a detailed description of the remuneration components applicable to members of the Board of Directors and the Executive Board as well as general guidelines for variable remuneration of the Board of Directors and the Executive Board in compliance with section 139 of the Danish Companies Act; at least once a year, the board assesses whether the remuneration policy is up to date and proposes amendments to the remuneration policy where necessary,

- (iv) to design policies for travel and representation expenses, car schemes, fringe benefits and similar and submit recommendations for their adoption by the Board of Directors.
- (v) to assist the Board of Directors in overseeing compliance with the remuneration policy in practice and, as part of such oversight, to ensure that compliance with the remuneration policy is tested once a year in accordance with the Board of Directors' guidelines for monitoring compliance with the Nykredit Group's remuneration policy,
- (vi) to oversee the remuneration of management staff in internal audit, control and risk management functions, including the Heads of Compliance, Internal Audit and Risk,
- (vii) to ensure that the information in the Annual Report on remuneration of the Board of Directors and the Group Executive Board and the information submitted to the General Meeting on the remuneration policy and practice as well as the information according to section 77a(1)(iii)(a)-(b) of the Danish Financial Business Act is correct and satisfactory,
- (viii) to assess whether the Group's processes and systems are adequate and take account of the Group's risks, including risks relating to capital and liquidity management relative to the Group's remuneration structure, and ensure that the remuneration policy and practice are in accordance with and promoting sound and efficient risk management and comply with the Group's business strategy, targets, values and long-term interests, which must be coordinated with the work of the Board Risk Committee to the necessary extent,
- (ix) to assess the overall results of the Group, the Companies and the business units and ensure that the Executive Board has considered whether the results criteria underlying the calculation of variable remuneration of the members of the Board of Directors and the Executive Board and other staff whose activities have a material impact on the risk profiles of the Companies and the Group continue to be met at the time of payout, cf section 77a(4) of the Danish Financial Business Act, and
- (x) to test selected evaluations by the Executive Board, cf 6.1.1(ix), for compliance with the provisions of section 77a(4) of the Danish Financial Business Act.6.1.1(ix)

6.1.2 Remuneration of the Executive Board:

- (i) to make an annual evaluation of the remuneration level of the Executive Board compared with the market level of other comparable companies,
- (ii) to submit proposals to the Board of Directors for remuneration of the Group Executive Board, and to ensure that such remuneration is in accordance with the remuneration policy,
- (iii) to ensure that severance pay cannot exceed total remuneration for the past two years,
- (iv) to review proposals and submit recommendations to the Board of Directors on changes to remuneration or amendments to service agreements with members of the Executive Board, and
- (v) to review proposals for and submit recommendations on severance pay.

6.1.3 Remuneration of the Board of Directors:

- (i) to submit proposals to the Board of Directors for remuneration of the Board of Directors, including remuneration for serving on Board Committees, and to ensure that such remuneration is in accordance with the remuneration policy.

6.2 Once a year, the Board Remuneration Committee is informed of the salaries of the 100 top-earning staff members of the Nykredit Group.

## **7. Reporting to the Board of Directors**

7.1 At the first meeting of the Board of Directors after a meeting of the Board Remuneration Committee, the Board of Directors is informed of the business transacted by the Board Remuneration Committee, and any recommendations from the Board Remuneration Committee are submitted for adoption.

7.2 A brief description of the activities of the Committee in the past year is included in Nykredit's Annual Report.

7.3 In addition, any statutory disclosures about Nykredit's remuneration policy are included in Nykredit's Annual Report.

## **8. Evaluation**

8.1 The Board Remuneration Committee reviews and assesses this Mandate at least once a year to ensure that it continues to comply with legal requirements, corporate governance etc.

8.2 This evaluation as well as any proposed amendments are submitted for approval by the Board of Directors.

Adopted at the meetings of the Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S, respectively, on 6 April 2022.