

# ***Remuneration Report 2020***

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*Summary of Group Saxo Bank's Remuneration Policy & Information about the remuneration of Board of Directors, Board of Management, and Significant Risk Takers.*

## **Introduction**

The Group Saxo Bank Remuneration Policy for 2020 ("Policy") sets out the remuneration principles applicable to the Saxo Bank Group which support the overall business strategy of the Saxo Bank Group. The Policy was latest amended and approved at the General Assembly in April 2020. The Policy is communicated to all employees of the Saxo Bank Group through SaxoNet.

## **Objective and application**

The objective of the Policy is to ensure that the remuneration system in the Saxo Bank Group is credible, effective, and fair, that the ratio of fixed vs. variable salary is adequate, proportional, and balanced, that the remuneration system is compliant with applicable legislation and that the remuneration system is aligned with and promotes sound and effective risk management to curb excessive risk taking. A central part of this Policy is to avoid risk taking that exceeds the level of tolerated risk of the Saxo Bank Group, and at the same time facilitates a flexible remuneration.

With due respect to the above goals, the objective of this Policy is also to attract, retain, develop, and reward the employees who contribute to the value creation of the Saxo Bank Group and thereby supports a performance-driven culture within the Group. The Policy applies to all employees within the Saxo Bank Group, however with respect to national legal requirements and standards.

Furthermore, the Policy covers all forms of remuneration components offered to employees and members of Board of Directors, including, but not limited to, base salary, variable remuneration, pension benefits, non-pay benefits, termination pay, etc.

## **Responsibilities of the Board of Directors**

The Board of Directors of Saxo Bank A/S is responsible for approving and maintaining the Policy and overseeing its implementation.

The Board of Directors must ensure that the Policy is consistent with the Saxo Bank Group's overall corporate governance principles and promotes sound and efficient risk management. The Policy must not encourage excessive risk taking and must not prevent the Saxo Bank Group from achieving and maintaining a sound capital base.

## **Remuneration Committee**

The Board of Directors of Saxo Bank A/S has decided to establish a Remuneration Committee.

The Remuneration Committee is inter alia responsible for ensuring that this Policy and the actual remuneration practices comply with the regulatory frameworks which the Saxo Bank Group operates within from time to time. Accordingly, the Remuneration Committee prepares updates to the Policy for the Board of Directors' and general assembly's approval. The Remuneration Committee has committed itself to a charter and an annual framework.

The Committee shall comprise at least two or more members of the Board of Directors. Members of the Committee shall be appointed and replaced by the Board of Directors. The Chairperson shall be appointed by and serve at the discretion of the Board of Directors.

## **Principles of remuneration for the Board of Directors**

The Board of Directors of any company within the Saxo Bank Group is generally compensated only with fixed remuneration, if any, and only rarely with variable remuneration.

Remuneration of the Board of Directors of Saxo Bank A/S is set individually at a market competitive level that reflects the competencies and contribution required in view of the Saxo Bank Group's complexity and the extent of the tasks and responsibilities.

## **Principles of remuneration to the Board of Management**

The remuneration package of a member of the Board of Management of any Saxo Bank Group entity may consist of fixed remuneration, including base salary, pension contribution and non-pay benefits, as well as of variable remuneration.

The remuneration package must enable the Saxo Bank Group to attract management members with the level of qualifications and experience necessary to ensure the Group's achievement of its strategic goals, values, and long-term interests. The remuneration of each of the members of the Boards of Management is therefore set individually at a market competitive level with regards to the tasks and responsibilities of the respective member.

## **Principles of remuneration to the employees**

The total remuneration package for employees in the Saxo Bank Group consists of several elements and aims at honouring and encouraging a performance that creates value for the Bank through results as well as behaviour.

The main part of the remuneration package generally consists of fixed remuneration – compensating employees on a monthly basis – in the form of a base salary and often with the addition of a pension benefit and one or more non-pay benefits. The remuneration package furthermore consists of the possibility of variable remuneration, primarily through the Bank's Group Bonus Plan. The remuneration components are balanced and in line with market practise to ensure a flexible variable remuneration package and sound and efficient risk management and may consist of the following elements:

- Fixed remuneration
- Pension benefits
- Variable remuneration
- Guaranteed variable remuneration, only used in special cases and in accordance with applicable legislation
- One-off compensation
- Termination pay

## Principles of variable remuneration

Variable remuneration is defined as any remuneration, whether monetary or non-monetary, that is not a part of the employee's fixed remuneration.

Thus, variable remuneration comprises *inter alia*;

- any form of remuneration the grant of which is based on the performance and/or the behaviors of the employee, the division and/or the entity of the Saxo Bank Group in which the employee is employed and/or the Saxo Bank Group (i.e. remuneration granted as part of a variable remuneration or incentive scheme or granted in the form of a "one-off compensation");
- stock options, shares and other financial instruments;
- any allowance or non-pay benefits which are granted or made available to the employee on a non-continuous and/or non-permanent basis except for the position-related allowance or non-pay benefits; and
- any pension benefits calculated on the basis of any such forms of variable remuneration.

It is only permitted to use forms of variable remuneration approved by the Board of Directors of Saxo Bank A/S.

An employee may be awarded variable remuneration under one or more variable remuneration schemes, *e.g.* under both a performance and behavior-based bonus scheme and a warrant programme. If awarded variable remuneration under more than one variable remuneration scheme, the maximum amount (ceiling) of any amount in variable remuneration which is set out in this Policy will apply to the total amount awarded under the relevant variable remuneration schemes. Any award of variable remuneration can be paid out in cash, one or more financial instruments (*e.g.* shares and warrants) or a combination thereof.

- The amount of any variable remuneration is subject to a maximum amount (a ceiling) of 200% as per Group Saxo Bank Remuneration Policy. This means that the amount of any variable remuneration award, calculated at the time of allotment, must not exceed an amount equal to 200% of the employee's fixed remuneration for the year to which the award relates. The maximum amount may vary (i.e. be lower than 200%) between employees and most employees will in practice be subject to a maximum amount on less than 200%.
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- The employee's entitlement to any variable remuneration must be conditional on the employee not using any personal hedging strategies or insurance to undermine the risk alignment effects embedded in the variable remuneration scheme. Upon violation hereof, the employee must be obliged to repay the amount in variable remuneration that has already been paid out.
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- Payment of variable remuneration must comply with any customer protection regulation, *e.g.* sections 77 e and f of the Danish Financial Business Act.
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- Further, payment of variable remuneration must be based and conditional on an assessment of the Saxo Bank Group's and the employing company's financial situation at the time of payout and may only be payable to the extent it does not compromise the financial stability of the Saxo Bank Group and the employing company.

Guaranteed variable remuneration comprises those forms of remunerations which are generally referred to as – or comparable to – “guaranteed bonus”, “sign-on bonus”, “minimum bonus” and “retention bonus” and which are not part of the employee's fixed remuneration.

In rare exceptional situations it is possible to use guaranteed variable remuneration on hiring of new employees provided that the conditions set out in the relevant legislation are met.

## Risk takers

National and EU legislation sets out a number of special provisions and limitations on variable remuneration for employees who are considered “Risk Takers”.

The following employees and employee groups in Saxo Bank Group are considered Risk Takers for the purposes of the Policy:

- The members of the Board of Directors of any Saxo Bank Group entity
- The members of the Board of Management of any Saxo Bank Group entity
- The members of the Executive Team of Saxo Bank A/S (the Saxo Bank Group)
- Certain members of the Senior Management Team
- Other individuals having been identified as “risk takers” in accordance with applicable legislation

The Board of Directors of Saxo Bank A/S determines who are to be considered Risk Takers within the entire Saxo Bank Group based on a recommendation from the Board of Management of Saxo Bank A/S. The identification of risk takers in the Saxo Bank Group must be based on a thorough assessment of roles, responsibilities and actual mandates of positions that could be included as Risk Taker positions by the intention of the legal framework, as well as a sound assessment of risk under the specific characteristics of the Saxo Bank Group's business.

## Principles of variable remuneration to Risk Takers

Any variable remuneration to Risk Takers must comply with the following additional provisions and limitations:

The amount of any variable remuneration to a Risk Taker must be subject to a maximum amount (a ceiling). This means that the amount of any variable remuneration award, calculated at the time of allotment after the end of the respective calendar year (accrual period), must not exceed a certain percentage of the total amount of the Risk Taker's fixed remuneration for the respective calendar year.

This percentage is set as follows:

- For members of the Board of Management of any Danish Saxo Bank Group entity, the percentage is 50.
- For employees in control functions, the percentage is 75.
- For other Risk Takers, the percentage is 200.

Payment of variable remuneration to Risk Takers is subject to the rules on deferral claw back etc. as defined in the applicable legislation and in accordance with the Group Saxo Bank Remuneration Policy. Any variable remuneration awarded to a Risk Taker – the value of which must be calculated at the time of allotment after the end of the respective calendar year – must consist of the following:

- A minimum of 50% of the variable remuneration must consist of an appropriate combination of financial instruments in the form of shares in Saxo Bank A/S, share-based instruments of Saxo Bank A/S and/or other instruments approved under the applicable national and EU legislation (i.e. instruments which reflect the creditworthiness of Saxo Bank A/S).
- A maximum of 50% of the variable remuneration must consist of cash payment.

However, for members of the Board of Management of any Danish Saxo Bank Group entity, the value of financial instruments in the form of warrants, options and similar instruments must not exceed an amount equal to 12.5% of the total amount of the member's fixed remuneration for the respective calendar year.

Payment of at least 40% of any variable remuneration award to a Risk Taker must be deferred over a period of

- four years for members of the Board of Management of any Danish Saxo Bank Group entity; and
- three years for other Risk Takers.

However, the deferred part of a Risk Taker's variable remuneration award must be 60% if

- the amount of the variable remuneration award is equal to or above either DKK 750,000;
- or this is considered appropriate when considering the impact, the Risk Taker can have on the risk profile of the Saxo Bank Group, the responsibilities and tasks performed by the Risk Taker and the relative size of the amount in variable remuneration compared to the amount in fixed remuneration.

The deferral period must start at the time the non-deferred (up front) part of any variable remuneration is paid out. The deferred part of any variable remuneration must be paid out pro rata on an annual basis calculated as of the date stated above. Thus, any variable remuneration must be paid out in three pro rata installments when the deferral period is three years and in four pro rata installments when the deferral period is four years.

Payment of the deferred part of any variable remuneration must be conditional on:

- the performance criteria forming the basis for the variable remuneration being met in order to ensure that the conditions for the payment of the variable remuneration is fulfilled;
- the Risk Taker not having participated in, or been responsible for, behavior which has resulted in significant losses for the Saxo Bank Group or not having complied with applicable fit and proper requirements; and
- that the Saxo Bank Group's financial situation has not been substantially weakened compared to the time when the variable remuneration was granted after the end of the respective calendar year.

## **Review and approval**

This Remuneration Report is updated on an annual basis and published relating to the publication of the Group Saxo Bank Annual Report.

# Remuneration Report 2020 input

## Information about variable remuneration - Saxo Bank Group

Total remuneration disbursed in the 2020 financial year (DKK 1,000)

	No. of members (HCs)	No. of members (FTEs)	Fixed	Variable
Board of Directors	15	13.8	9,256	0
Board of Management	4	3.1	39,764	11,253
Significant Risk Takers	55	48.9	118,067	42,125

Remuneration in the 2020 financial year (DKK 1,000) broken down by business area

	No. of members (HCs)	No. of members (FTEs)	Fixed	Variable
Investment	8	7.5	19,997	6,375
Retail	10	9.5	22,548	13,470
Staff Function	6	6.0	12,897	7,860
Control Function	19	15.4	30,718	7,887
Board	15	13.8	9,256	0
Management	16	13.6	71,671	17,786

Variable earned salary split in the 2020 financial year (DKK 1,000)

	Cash payment	Shares	Share-based payment	Other instruments
Board of Directors	0	0	0	0
Board of Management	4,670	0	1,913	4,670
Significant Risk Takers	13,897	0	15,435	12,794

Variable remuneration in the 2020 financial year (DKK 1,000) broken down by disbursement form

	Disbursed	Deferred
Board of Directors	0	0
Board of Management	3,781	7,472
Significant Risk Takers	22,519	19,606

Deferred variable remuneration in the 2020 financial year (DKK 1,000)

	Granted	Disbursed	Reduced
Board of Directors	0	0	0
Board of Management	7,472	325	0
Significant Risk Takers	19,606	853	0

Deferred compensation awarded during the 2020 financial year, paid out and reduced through performance adjustments (DKK 1,000)

	Awarded	Reduced	Paid out
Board of Directors	0	0	0
Board of Management	325	0	325
Significant Risk Takers	853	0	853

Sign-on and severance pay disbursed in the 2020 financial year (DKK 1,000)

	Sign-on fees	Severance Pay	No. of members
Board of Directors	0	0	0
Board of Management	0	6,700	1
Significant Risk Takers	0	6,607	3

Employees with a total remuneration in excess of mEUR 1 in the 2020 financial year (EUR 1,000)

	No. of members
1,000 – 1,500	4
1,500 – 2,000	1
2,000 +	1



## Information about variable remuneration - Saxo Bank A/S

Total remuneration disbursed in the 2020 financial year (DKK 1,000)

	No. of members (HCs)	No. of members (FTEs)	Fixed	Variable
Board of Directors	5	5.0	5,000	0
Board of Management	4	3.1	39,764	11,253
Significant Risk Takers	24	22.6	60,405	32,758

Remuneration in the 2020 financial year (DKK 1,000) broken down by business area

	No. of members (HCs)	No. of members (FTEs)	Fixed	Variable
Investment	7	7.0	18,350	6,375
Retail	6	6.0	17,754	12,600
Staff Function	3	3.0	8,610	7,178
Control Function	7	5.6	15,441	6,605
Board	6	6.0	5,250	0
Management	4	3.1	39,764	11,253

Variable earned salary split in the 2020 financial year (DKK 1,000)

	Cash payment	Shares	Share-based payment	Other instruments
Board of Directors	0	0	0	0
Board of Management	4,670	0	1,913	4,670
Significant Risk Takers	9,100	0	14,658	9,000

Variable remuneration in the 2020 financial year (DKK 1,000) broken down by disbursement form

	Disbursed	Deferred
Board of Directors	0	0
Board of Management	3,781	7,472
Significant Risk Takers	18,743	14,015

Deferred variable remuneration in the 2020 financial year (DKK 1,000)

	Granted	Disbursed	Reduced
Board of Directors	0	0	0
Board of Management	7,472	325	0
Significant Risk Takers	14,015	853	0

Deferred compensation awarded during the 2020 financial year, paid out and reduced through performance adjustments (DKK 1,000)

	Awarded	Reduced	Paid out
Board of Directors	0	0	0
Board of Management	325	0	325
Significant Risk Takers	853	0	853

Sign-on and severance pay disbursed in the 2020 financial year (DKK 1,000)

	Sign-on fees	Severance Pay	No. of members
Board of Directors	0	0	0
Board of Management	0	6,700	1
Significant Risk Takers	0	0	0

Employees with a total remuneration in excess of mEUR 1 in the 2020 financial year (EUR 1,000)

	No. of members
1,000 – 1,500	4
1,500 – 2,000	1
2,000 +	1