



REMUNERATION POLICY

A. INTRODUCTION

In conformity with requirements of CSSF circular 10/497, CSSF Circular 15/622 and CSSF Circular 21/782 and any other relevant and applicable requirements as may be set out within the Luxembourg's laws and circulars in the matter of remuneration (together referred to as the "Applicable Laws"), this document defines guidelines and principles regarding total remunerations in DNB Luxembourg S.A. ("the Bank"). In accordance with Article 74 (2) of Directive 2013/36/EU, the Bank complies with the principles laid down in Directive 2013/36/EU as amended in a way and to the extent that is appropriate to the Bank's size and internal organisation and the nature, scope and complexity of its activities.

B. REMUNERATION PHILOSOPHY

This remuneration policy supports the Bank's prevailing strategies and helps the Bank to achieve its business objectives within the Group's framework for risk appetite. It promotes the desired culture and behaviours, including ensuring compliance and contributing to sustainable business operations. It is designed to avoid conflicts of interests between our customers and our employees and is non-discriminatory. The policy contributes towards the Bank's image as an attractive employer in addition to forming a common platform for business-focused solutions in the various business areas, employees and support units.

C. EMPLOYEES IN SCOPE

This policy applies to all employees of the Bank but, in line with the applicable Laws, focuses specifically on remuneration rules for "identified staff" being: Bank's board of directors members (the "Board"), members of the authorised management, staff in charge of the control function(s), other staff whose activities have a material impact on the risk profile of the Bank (also called material risk takers), and other staff whose total compensation is in the same range as staff of previously stated categories.

D. ALIGNMENT OF REMUNERATION PRINCIPLES TO THE BANK'S LONG-TERM BUSINESS OBJECTIVES AND RISK MANAGEMENT STRATEGY

The Bank is a small-size entity, fully owned by and functionally integrated in DNB Group.

Its scope of business is clearly defined, and limited to non-complex activities.

With this policy the Bank will ensure that the ratio between the fixed and variable components of the remuneration is appropriate. Furthermore, this policy should allow the operation of a flexible variable remuneration.

The Bank also aims to ensure that the principles of the conflict of interest policy of the Bank along with the Code of Conduct of the Bank are taken into consideration when deciding upon, and granting the variable and/or fixed component of the remuneration to the employees of the Bank.

Moreover the Bank will also aim to assess the impact and correlation between new product/new activity of the company and the remuneration policy to ensure acting in the best interest of the client and to avoid any business and conflicts of interest risks.

Based on these elements and in line with the proportionality principle stated in CSSF Circular 22/797, the Bank has opted for the neutralisation of some of the rules listed therein, especially with regards to pay-out



requirements described in the article 38-6 (1) l, m and o (2nd paragraph) of the Law of 5 April 1993 on the financial sector, as amended.

E. MAIN REMUNERATION PRINCIPLES

Monetary remuneration shall consist of a fixed and a variable part where appropriate.

1. FIXED PAY ELEMENT

The fixed component of the remuneration for all employees shall be proportionate to the professional experience, responsibility, requirements and complexities associated with the position as set out in the employee's job description. It shall represent a sufficiently high proportion of the total remuneration, so not to make them financially dependent on the variable part, if any. The remuneration of staff in the independent control functions should allow the institution to employ qualified and experienced personnel in these functions.

The fixed component of remuneration includes the fixed part of the salary, and any fringe benefits that may be contractually guaranteed to the employee, regardless his/her level of work performance.

2. VARIABLE PAY ELEMENT (BONUSES)

2.1. Quantitative and qualitative criteria; discretionary allocation basis

Bonuses, which should promote sound capital base, long-term profitability and sustainability and take into consideration all types of current and future risks, are determined on the basis of performance of the individual against his/her financial and non-financial targets and the risks taken as well as the performance of the bank as a whole. The variable remuneration schemes must be documented in accordance with the standard process for evaluation and remuneration, which involves setting and following up goals, as well as evaluation, decision-making and the allocation of variable remuneration at the end of the measurement period. All relevant staff members are informed on the process and criteria used to assess their performance and their impact of the Bank's risk profile.

In any case, bonuses must only be awarded where they do not pose a threat to maintaining an adequate prospective internal capital allocation in accordance with the Bank's Internal Capital Adequacy Assessment Process, taking account of the overall level of profitability and intended earnings distribution.

Staff in charge of control functions shall not be entitled to variable pay element (Bonuses) due to the nature of their function. Members of the BoD should be compensated only with fixed remuneration. Incentive-based mechanisms based on the performance of the institution should be excluded.

2.2. Quantitative caps to bonus payments

The chairman of the Board of directors of the Bank (the "Chairman") shall authorise on a yearly basis the total amount available for payment of bonuses in the Bank. Pay out of such amount should obviously never put the overall solvency of the Bank at risk and the cost of the capital and liquidity required shall always be taken into consideration.

The Bank's general rule is that no individual bonus should exceed 100% of any employee's fixed annual salary. Bonuses will be fully paid in the same year as allocated.



2.3. Form of bonus payments

Given its status as a non-quoted and small-size fully-owned subsidiary of DNB Bank ASA, no payments of bonuses in the form of – or linked to the evolution of the price of – DNB shares or equivalent instruments are at this point considered.

3. APPROVAL OF FIXED SALARY LEVELS, SALARY INCREASES, BONUSES, LEAVING INDEMNITIES, ETC

The Chairman shall oversee the remuneration of the members of the authorised management as well as the Chief Risk Officer and the Chief Compliance Officer. The Chairman shall approve any material exemption made for individual staff members. Such exemption should not be based on gender or other discriminatory considerations and shall always comply with Luxembourgish laws.

Any “sign-on” bonus or indemnity for early termination of contract – including in cases of restructuring – shall also be approved by the Chairman. Such indemnity shall reflect performance achieved over time and shall never reward failure or misconduct. No indemnity for early termination of contract due to non-satisfactory individual performance may be contractually agreed in advance. Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and is limited to the first year of employment.

F. GENDER-NEUTRAL REMUNERATION

All aspects of this remuneration policy are gender neutral and promote equal pay for equal work or work of equal value, regardless of the gender or any other personal characteristic. The remuneration packages of all employees are determined based on the position, the experience, the seniority, the education and the performance.

The gender pay gap will be monitored on a regular basis and any material pay gap between male and female members or diverse genders shall be documented and appropriate actions shall be taken if it cannot be demonstrated that the gap is not a result of a remuneration policy that is not gender neutral.

G. DISCLOSURE

This document shall be made available in full to all employees of the Bank at all times. The bank will also disclose at all times on its website how it complies with the requirements of Luxembourg’s laws and circulars in the matter of remuneration.

H. RESPONSIBILITIES FOR IMPLEMENTATION AND CONTROL

In accordance with applicable laws and regulations, the present document was designed and reviewed by the relevant departments of the Bank and duly approved by the Board, which is also responsible for the yearly review and relevant amendments to this policy, and for overseeing its implementation in accordance with the bank’s overall governance framework, corporate and risk culture, risk and appetite and for approving any individual exception to it.