



# Freight Investor Services (Denmark) Fondsmæglerselskab A/S

## REMUNERATION POLICY

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## 1. INTRODUCTION

Freight Investor Services (Denmark) Fondsmæglerselskab A/S ("FIS") is an investment firm based in Copenhagen. The Board of Directors of FIS has approved this policy (the "Remuneration Policy") in order to ensure that FIS complies with its obligations to have a remuneration policy and remuneration practices consistent with and promoting sound and effective risk management pursuant to:

- a) Section 107-112 of the Danish Act on Investment Firms;
- b) Section 138 of the Danish Companies Act;
- c) Executive Order no. 2169 of 22 December 2020 on remuneration policy and remuneration for credit institutions, mortgage institutions, investment firms, investment management companies, financial holding companies and investment associations as amended by Executive Order no. 1337 of 29 November 2017 (the "Executive Order on Remuneration");
- d) Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 supplementing MiFID II as regards organisational requirements and operating conditions for investment firms and defined terms for the purpose of that Directive;
- e) Articles 450 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (the "CRR");
- f) Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (the "Delegated Regulation on Risk Takers"); and
- g) Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014 supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration (the "Delegated Regulation on Instruments")

## 2. PURPOSE AND APPLICATION

The overall purpose of the Remuneration Policy is to attract, retain, develop and reward the employees who contribute to the value creation of FIS and thereby support a performance oriented culture within FIS.

The Remuneration Policy applies to all employees within FIS and all members of the Board of Directors of FIS, provided, however, that Clause 8 only apply to Risk Takers (as such term is defined below).

The Remuneration Policy must ensure that remuneration in FIS is credible, effective and fair, that the ratio of fixed vs. variable salary is adequate, proportional and balanced and finally that the overall remuneration model is aligned with sound and efficient risk management principles. A

central part of the policy is to avoid risk taking that exceeds the level of tolerated risk of FIS, and at the same time facilitates a flexible remuneration.

The Remuneration Policy must ensure that the total variable remuneration, which FIS commits to pay out, does not prevent FIS from achieving and maintaining a sound capital base.

This Remuneration Policy covers all forms of remuneration components including, but not limited to, base salary, variable remuneration, pension benefits, non-pay benefits, etc.

Should any local amendments conflict with the principles of this Remuneration Policy, the amendment must be brought to the attention of the Board of Directors of FIS.

This Remuneration Policy applies with due respect to any applicable legislation and in case of any discrepancy between this Remuneration Policy and any applicable legislation, the latter will prevail.

### 3. PROCEDURAL MATTERS

The Board of Directors of FIS is responsible for approving and maintaining this Remuneration Policy and overseeing its implementation.

In the design and oversight of the Remuneration Policy, the Board of Directors must properly involve FIS's Management Board and other relevant corporate functions where relevant (e.g. control functions, human resources, legal, etc.) and take into account all relevant inputs provided by the Management Board and such corporate functions.

The Board of Directors must ensure that the Remuneration Policy is consistent with and promotes sound and effective risk management. The Remuneration Policy must not encourage excessive risk taking and must not prevent FIS from achieving and maintaining a sound capital base.

The Board of Directors must ensure that, at any time, FIS's overall corporate governance principles and structures, as well as its interactions with the remuneration system are considered within the design and implementation of FIS's remuneration policy and remuneration practices.

The Remuneration Policy must be approved by the general meeting of the shareholders of FIS. The Board of Directors may subsequently amend the Remuneration Policy. Amendments shall not become effective unless the general meeting of the shareholders of FIS has approved the amendments. However, provided an amendment does not relate to or affect remuneration of either members of the Board of Directors or the Management Board such amendment may become effective prior to the general meeting of the shareholders of FIS has approved the amendment. The general meeting of the shareholders of FIS shall no later than at the following ordinary general meeting be requested to approve the amendment to the Remuneration Policy.

The Board of Directors must review the Remuneration Policy on an annual basis at a minimum. Such central and independent reviews must assess whether the overall remuneration system:

- operates as intended, including, in particular, that all agreed plans/programs are being covered, that the remuneration pay-outs are appropriate, and that the risk profile, long-term objectives and goals of FIS are adequately reflected; and
- is compliant with national and international regulations, principles and standards.

The Board of Directors, in reviewing the remuneration system of FIS, must involve and cooperate closely with the Management Board and FIS's corporate functions as well as with any relevant Board committees. The results of the reviews must be made available to the involved corporate functions and committees as well as the Board of Management.

Where periodic reviews reveal that the remuneration system does not operate as intended or prescribed, the Board of Directors must ensure that a timely remedial plan is put in place.

The Board of Directors determines who are to be considered Risk Takers (as defined below) within FIS based on a recommendation from the Board of Management. The Board of Directors of FIS is responsible for approving and overseeing the remuneration of the highest paid employees of FIS as well as employees in controlling functions. The Board of Directors is furthermore obliged to approve the remuneration of the Management Board.

The Management Board is responsible for reporting to the Board of Directors at the first quarterly meeting every year on the remuneration of employees, the Management Board and the Board of Directors. The report must assess whether rewarded remuneration is in compliance with this Remuneration Policy. The Board of Directors shall independently review the remuneration of the members of the Management Board and ensure that the Remuneration Policy is complied with.

Members of the Board of Directors and the Management Board and Identified Staff (as defined below) shall at all times be able to access the Remuneration Policy together with any other document which sets out the method and criteria for determining the relevant person's remuneration and performance evaluation.

Furthermore, the Management Board must ensure that this Remuneration Policy is communicated to all relevant staff.

## 4. REMUNERATION COMMITTEE

FIS is currently not obliged to form a remuneration committee.

## 5. REPORTING AND PUBLICATION OBLIGATIONS

The Chairman of the Board of Directors shall at the annual general meeting of the shareholders of FIS give an account for the remuneration of the Board of Directors (if any) and the Management Board. The Chairman of the Board of Director's account shall include information about:

- a) remuneration awarded for the previous financial year and expected remuneration for the current financial year and the subsequent financial year;
- b) the fixed remuneration of the Board of Directors (if any) and the Board of Management and the general directions for awarding variable remuneration, pension and severance payment.

The annual report of FIS shall for each member of the Board of Directors and the Management Board include information about the aggregated remuneration such member has been awarded by FIS, and if relevant group companies as member of such management functions, during the financial year. The annual report of FIS must further set out the aggregated remuneration for members of the Board of Directors, the Management Board and Identified Staff, the number of such persons, pension obligations owed to such persons and information about incentive programs etc. as required pursuant to applicable law from time to time.

FIS shall as a main rule, no later than 1 May in every year, report to the Danish FSA the number of persons who in the previous financial year in their capacity as members of the Board of directors or employees of FIS have been awarded an aggregate remuneration, including variable remuneration and pension benefits, above EUR 1,000,000 divided into remuneration frames of EUR 1,000,000. This report to the Danish FSA must include information on (i) the number of persons divided into responsibility and business areas, (ii) whether the persons are designated as "risk takers", (iii) the size of the person's aggregate remuneration, including variable and fixed remuneration and pension benefits, (iv) the size of variable pension benefits pursuant to Section 77a (6) of the Financial Business Act, (v) the size of the aggregate variable deferred remuneration and (vi) the country from where the person works.

FIS is subject to the publication requirements in Article 450 of the CRR. FIS shall in continuation of the end of a financial year report the information set out in Article 450 (1)(g), (h) and (i) of the CRR to the Danish FSA unless FIS deems that it can rely on the principle in Article 450 (2) of the CRR.

Where information set out in Article 450 of the CRR is not included in FIS's annual report it shall be set out in the annual report where such information can be found, provided FIS shall only make information public to the extent required under the proportionality assessment in Article 450(2) of the CRR.

FIS shall make certain information regarding the Remuneration Policy and remuneration process available on its webpage in accordance with Section 16 of the Executive Order on Remuneration. Provided FIS report the information set out in Clause 5.4 to the Danish FSA that information shall be published on FIS's webpage.

FIS is relying on the Exemption in Section 16(4) in the Executive Order on Remuneration and the proportionality principle of CRR Art 450(2).

## 6. PRINCIPLES OF REMUNERATION FOR THE BOARD OF DIRECTORS

If the Board of Directors of FIS is compensated, the Board of Directors shall be compensated only with fixed remuneration, and not with any variable remuneration.

Remuneration of the Board of Directors of FIS is currently set at DKK 0.

The remuneration if any of the Board of Directors of FIS is presented for approval by the Annual General Meeting as a separate agenda item.

## 7. PRINCIPLES OF REMUNERATION FOR THE EMPLOYEES

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

The remuneration components are balanced in order to ensure a flexible variable remuneration package and a sound and efficient risk management and generally consists of:

- (i). 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; and
- (ii). the possibility of variable remuneration, however with due respect of the limitations described below.

### **Fixed remuneration**

Fixed remuneration is characterized by being remuneration (whether monetary or nonmonetary) which an employee is entitled to receive no matter the actual performance and on a continuous basis.

Fixed remuneration comprises e.g.:

- the employee's base salary, including any fixed allowances which are comparable to and in practice considered a part of the base salary;
- any pension benefits calculated on the basis of the employee's base salary or a part thereof; and
- any non-pay benefits which are granted or made available to the employee on a continuous basis (e.g. company car, health insurance and company paid telephone).

### **Pension benefits**

Pension benefits are characterized as being payments made by (or any obligation for) FIS, irrespective of whether the payment is considered an employer contribution or an employee contribution,

- which entitles an employee to any rights under a pension scheme from a third party, irrespective of whether the pension scheme is a defined contribution scheme or a defined benefit scheme; but
- which is not a mandatory social security contribution under the social security legislation to which the employee is subject.

Any pension benefits must be in the form of a pension contribution, calculated as a certain percentage of the employee's base salary or a part thereof, to a third party defined contribution pension scheme. The pension contribution from FIS is negotiated separately and should reflect current market standards. The employee's contribution is negotiated separately.

It is not permitted to grant any pension benefits on the basis of any variable remuneration or guaranteed variable remuneration. Furthermore, it is not permitted to grant any variable remuneration as a pension benefit (i.e. discretionary pension benefits, such as pension benefits based on performance and which are not consistently granted).

#### **Variable remuneration**

Variable remuneration is defined in Section 5(1) no. 45 of the Financial Business Act as any remuneration, whether monetary or nonmonetary, where the size/value of the remuneration is not known in advance, including bonus schemes, result-contracts, one-offs and other similar arrangements not forming part of the fixed remuneration.

Variable remuneration comprises e.g.:

- any form of remuneration the grant of which is based on the performance of the employee, the division and/or the department of FIS in which the employee is employed and/or FIS (i.e. remuneration granted as part of a variable remuneration or incentive scheme); share options; any non-pay benefits which are granted or made available to the employee on a non-continuous basis; 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 FIS. In order to ensure a balanced ratio between fixed and variable remuneration, the variable remuneration component to employees is subject to a ceiling of maximum of 200 % of the employee's base salary.

Payment of any variable remuneration must be based on the following principles (which are designed to align the variable remuneration with sound and efficient risk management principles and in order to avoid risk taking that exceeds the level of tolerated risk of FIS) for the respective calendar year (accrual period):



- The various performance criteria must take into account the risks and the performance of FIS, the business unit/department in which the employee is employed, and the employee.
- The performance criteria must consist of both financial (quantitative) and nonfinancial (qualitative) performance criteria.
- Nonfinancial performance criteria are criteria related to e.g. compliance with FIS's internal rules and procedures, the achievement of strategic targets, customer satisfaction, leadership, team work, creativity, motivation and cooperation with other business units and control functions. Negative nonfinancial performance in the form of unethical or noncompliant behaviour must override any good financial performance generated by FIS, the business unit and the employee and, to the extent relevant considering the employee's position and responsibilities, the same must apply with regard to other nonfinancial performance criteria.
- Financial performance criteria are criteria related to e.g. financial results, economic profit, and other financial figures of FIS.
- The relative importance of each level of the performance criteria must be determined upfront and adequately balanced to take into account the position and responsibilities held by the employee. To the extent possible, the performance criteria must include achievable objectives and measures on which the employee has some direct influence.
- The employee's entitlement to any variable remuneration must be conditional on that the employee does not use any personal hedging strategies or insurance to undermine the risk alignment effects embedded in the financial instruments which are awarded as part of the variable remuneration.
- Payment of variable remuneration must generally be based and conditional on an assessment of FIS's financial situation at the time of pay-out and may only be payable to the extent it does not compromise the financial stability of FIS.

The Board of Directors shall, if deemed proportional, define a bonus pool for each accrual period (which spans minimum one year) for Risk Takers. As FIS currently only has few employees, it is not deemed proportional to set out a bonus pool.

If setting a bonus pool, FIS can choose a 'top-down approach' (starting by setting the amount of the bonus pool at Company level) or a 'bottom-up approach' (starting by setting the amount of the bonus pool at individual level.)

Based on the principles for variable remuneration above, FIS shall set and weigh the criteria for remuneration award for each accrual period, e.g. as set out below:

Level	Criteria	Weighting
<b>Financial criteria (total weighting: 4/6)</b>		
Company	Annual economic profit / EBIT	1/6
[Revenue]	[revenue / brokered business]	2/6
Company, unit and employee	Achievement of financial figures in relation to budget and/or financial "KPI's"	1/6
<b>Nonfinancial criteria (total weighting: 2/6)</b>		
Company	Achievement of strategic targets	1/12



Unit and employee	Adherence to risk management policy, compliance with internal and external rules, completion of CPD requirements (based on a "compliance track record").	1/6
Employee	Leadership, teamwork, creativity, motivation and cooperation with business units and control functions, overtime work and/or quantitative "KPI's"	1/12

Key performance indicators ("KPI's") may be set individually for each employee.

Any remuneration award shall be adjusted for potential adverse developments in the future ('ex ante risk adjustment'). This risk adjustment includes a review of FIS's projected and actual risk scenarios as set out in FIS's policy for operational risk and policy for credit, market, liquidity, and leverage.

Variable remuneration calculated and based on the above shall be communicated to employees and be paid out no later than 3 weeks following each annual general meeting.

#### **Guaranteed variable remuneration**

Guaranteed variable remuneration comprises those forms of remunerations which are generally referred to as or comparable to, e.g. "sign-on bonus" and "retention bonus". Guaranteed variable remuneration can be awarded either in cash or in instruments.

Guaranteed variable remuneration is allowed when hiring new employees, but then only for the first year of employment. It is also a prerequisite for awarding guaranteed variable remuneration that FIS has a strong capital base.

#### **Severance pay**

Unless an employee has more favourable rights under the law and/or any collective agreement governing the employee's employment relationship, the below will apply on termination of employment.

#### **Remuneration during notice period**

As a general rule, the employee is only entitled to receive remuneration during notice period pursuant to applicable employment law.

If the employee is entitled to receive variable remuneration during the notice period, the variable remuneration must be fixed and paid out on such terms and conditions as would have applied if the employment had not been terminated, and must, thus, conform to the principles set out in this Remuneration Policy.

Such regular remuneration payments related to the duration of a notice period is not considered severance pay.

### **Severance pay**

A severance pay is characterized by being an entitlement for the employee to receive, in addition to the remuneration paid during the notice period, any other payment as a result of the termination, including, for example, redundancy or other termination pay.

The employees are as a general rule not entitled to any severance pay. The Board of Directors may in their discretion decide to grant a severance pay of up to one year base salary. The Board of Directors shall not grant any severance pay if FIS's financial situation in the year in which the severance pay would have been payable does not allow a bonus pool to be allocated to the employees.

FIS may decide to enter into an agreement with the employee concerning severance pay either at the beginning of the employment or at a later stage. Such severance pay is considered variable remuneration and must therefore conform to the principles on variable remuneration set out in this Remuneration Policy. For Risk Takers (as such term is defined below) a severance pay is not subject to the limitations on variable remuneration set out under Clause 9 provided the criteria in Section 14 of the Executive Order on Remuneration are fulfilled.

### **Compensation for non-competition and non-solicitation clauses**

If applicable, the employee is entitled to receive compensation for non-competition and non-solicitation clauses pursuant to applicable law and as set out in the individually negotiated employment contract.

## **8. RISK TAKERS**

Applicable law sets out a number of special provisions and limitations on variable remuneration for members of the Board of Directors, the Management Board and selected employee groups, including employees whose professional activities have a material impact on FIS's risk profile ("Identified Staff") (collectively, "Risk Takers").

Risk takers in FIS (other than the members of the Board of Directors) must be identified by the Board of Directors based on the qualitative and quantitative criteria set out in article 3 and 4 in the Delegated Regulation on Risk Takers and 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 FIS's business. Special attention must be paid to senior managerial responsibilities. In the process of defining FIS's Risk Takers relevant stakeholders and specialists must be involved e.g.: external legal advisors, internal legal experts, senior management and business expertise.

Based on the above, the Board of Directors has decided that the persons/groups in FIS as set out in Schedule 1 to this Remuneration Policy shall be considered "Risk Takers".

The variable remuneration scheme for Risk Takers must comply with the following additional provisions and limitations described below under section 9.



## 9. LIMITATIONS ON VARIABLE REMUNERATION FOR RISK TAKERS

### Monetary limitations

The variable remuneration awarded to a Risk Taker, calculated at the time of allotment after the end of the respective calendar year (accrual period), must not exceed the percentage of the total amount of the Risk Taker's base salary and any pension benefits for the respective calendar year as set out below:

Position	Percentage
members of the Board of Directors and members of the Management Board	50%
Identified Staff	100% The Board of Directors can decide that the variable remuneration can amount to 200% provided the requirements in the Financial Business Act Section 77a(1) no. 3, litra a-e are satisfied.

### Payment in financial instruments

Any variable remuneration awarded to a Risk Taker must consist of the value of which must be calculated at the time of allotment after the end of the respective calendar year of the following:

- A minimum of 50% of the variable remuneration award must consist of a balance of instruments in the form of shares in FIS, share-based instruments (such as stock options or warrants) of FIS and/or other instruments approved under the applicable national and EU legislation (i.e. instruments which reflect the creditworthiness of FIS as a going concern). To the extent possible and appropriate, FIS should if possible and reasonable also use instruments as set out in articles 52 (Additional Tier 1 Instruments) and 63 (Tier 2 Instruments) of the CRR and those instruments set out in the Delegated Regulation on Instruments specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern.
- A maximum of 50% of the variable remuneration award must consist of cash payment

However, for members of the Board of Directors and the Management Board, the value of the instruments in the form of warrants, options and similar instruments must not exceed 12,5% of the total amount of the person's base salary and any pension benefits for the respective calendar year.

### Deferred payment

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

- five years for members of the Board of Directors and Management Board; and
- four years for Identified Staff.

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

- the amount of the variable remuneration award is equal to or above either DKK 750,000 before tax; or
- the variable remuneration award is considered a "large amount" taking into consideration the impact the Risk Taker can have on the risk profile of FIS and the responsibilities and tasks performed by the Risk Taker.

The deferral period must start one year after the time of calculation of the variable remuneration. The deferred part of any variable remuneration award must be paid out pro rata on an annual basis calculated as of the date stated above. Thus, any variable remuneration award must be paid out in three pro rata instalments when the deferral period is three years and in four pro rata instalments when the deferral period is four years.

The above applies to both the part of the variable remuneration award which, as stated above, must consist of one or more of various instruments and the part which consists of cash payment. When dividing the variable remuneration into a "cash" part and "financial instrument" part, the value of the financial instruments must be determined based on acknowledged valuation principles (e.g. the Black-Scholes model).

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

- 1) the criteria forming the basis for the variable remuneration award are still fulfilled;
- 2) the relevant person has abided by applicable requirements for "fit and proper" and has not participated in or been responsible for any behaviour which has resulted in significant losses for FIS; and
- 3) FIS's financial situation has not been substantially weakened compared to the time when the variable remuneration award was initially calculated.

### **Retention requirements**

On payment of the part of any variable remuneration award which, as stated above, must consist of one or more of various instruments, the instrument must be subject to a retention period during which the Risk Taker is not entitled to transfer, assign, pledge or otherwise dispose of the Risk Taker's rights under the instrument.

For such instruments, the retention period must be "suitable". FIS assesses that a period equal to 6 months is generally considered suitable.

However, for members of the Management Board the retention period for such instruments must be extended with 6 months, i.e. the retention period will be 12 months for both non-deferred and deferred instruments.

### **Restriction on hedging**

A Risk Taker's entitlement to a variable remuneration award must be conditional on that the Risk Taker does not use any personal hedging strategies or insurance to undermine the risk alignment effects embedded in the financial instruments.

This applies to both the non-deferred and deferred part of any variable remuneration award and also to any part of the variable remuneration award already paid out. In the latter situation, the Risk Taker must be obliged to repay the part already paid out.

#### **Claw back**

A Risk Taker must be obliged to repay any part of a variable remuneration award already paid out if it was paid out on the basis of data which turn out to be falsified or misstated and the Risk Taker is in bad faith regarding such data.

#### **Other limitations**

FIS must be entitled not to pay out any variable remuneration award if, at the time of payment of such award:

- 1) FIS does not comply with the capital and/or solvency requirements in Section 125 of the Danish Financial Business Act and/or the capital requirements in articles 92(1), 93, 97 and 500 in CRR; or
- 2) the Danish FSA is of the assessment that there is a reasonable risk that FIS does not comply with these capital and/or solvency requirements.

If FIS receives a deadline from the Danish FSA pursuant to section 225(1) or (4) of the Danish Financial Business Act regarding compliance with solvency requirements, the members of the Board of Directors and the Management Board will forfeit their right to receive variable remuneration during the period regarding their agreement on variable remuneration until the time of the calculation of the variable remuneration.

## **10. REVISION AND APPROVAL HISTORY**

This Remuneration Policy must be formally reviewed and approved by the Board of Directors as required but at least once a year.

This Remuneration Policy must be presented to and approved by the shareholders at the annual general meeting on the 15<sup>th</sup> January 2024. Any amendments to this Remuneration Policy must be presented to and approved by the shareholders at the next general meeting as further described in Clause 3.5. of this Remuneration Policy.



## Schedule 1 – RISK TAKERS

FIS does not have any Material Risk-Takers.