Memorandum

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To The shareholders of Alm. Brand A/S

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From The Board of Directors of Alm. Brand A/S

Re. agenda item f 3): Proposal from the Board of Directors for approval of the remuneration policy for the Alm. Brand Group and general guidelines regarding incentive remuneration in Alm. Brand A/S, see section 139 of the Danish Companies Act.

This memorandum contains a review of proposed amendments to the remuneration policy.

Amendments to the remuneration policy

The company has reviewed the remuneration policy and has identified only few items which are considered relevant for adjustment. The amendments are as follows compared with the current remuneration policy:

1. In clause 2, "Eligible individuals", page 2. In the section "Other special functions", the text "through direct customer contact" has been deleted. Direct customer contact is no longer required for the provision to apply.

   Two lines below, "bonus scheme" has been replaced by "variable salary component", which is a more fitting designation, as the provision covers any form of variable salary.

2. General aspects of remuneration of all employees and members of the board of directors and the management board. Clause 3, first paragraph, fourth bullet (page 3): An editorial amendment has been made for the purpose of achieving a more linguistically correct and adequate wording: "The remuneration must be structured in manner which is not contrary to Alm. Brand's obligation to act in the best interests of the customers.

3. Remuneration determined by collective agreement. Claus 3, sub-clause (page 3).
   Up until now, remuneration determined by collective agreement has not been comprised by the rules on remuneration. This principle has to a certain extent been disapplied due to the Insurance Distribution Directive (IDD) and the Danish Executive Order on remuneration policy and remuneration in insurance undertakings etc. (the Remuneration Order).

   Alm. Brand has decided that any signing of future collective agreements for the insurance sector will be subject to approval by the Danish Employers' Association for the Financial Sector (FA). Such established practice will ensure that remuneration determined by collective agreement will be consistent with the Danish Executive Order on remuneration policy and remuneration in insurance undertakings etc. (the Remuneration Order) and will therefore not be comprised by the rules on remuneration. On this basis, we find that the section on "Remuneration determined by collective agreement" (clause 3, second paragraph, page 3) is still relevant, correct and adequate.

4. In clause 3, on page 4, in the sub-clause, "Fixed salary", a paragraph has been inserted concerning benefits paid for by way of deduction from the gross salary. It has been decided to state that all executive officers and employees are entitled to accept Alm. Brand's offer to reduce their monthly salaries against acquiring a right to a given benefit for a given period of time. This scheme has existed for a number of years, but now that executive officers, risk takers and other employees may all choose to receive shares in Alm. Brand A/S as a benefit, it was deemed relevant to insert the information.

5. One-off fees. Clause 7, page 6 of the remuneration policy.
This clause solely concerns one-off fees for executive officers and selected risk takers. For clarification, this has now been specified in the heading. This amendment thus solely consists of a purely editorial amendment.

   Furthermore, the clause has been redrafted to the effect that it will not be the actual grant but the decision to grant a one-off fee which may be exempted from the customary rules on variable salary paid to risk takers subject to the preconditions described.

   Finally, the right to grant a one-off fee to an executive officer or risk taker has been extended. Up until now, the provision was applicable in the event of extraordinary work-related strain, but we also see that it may be relevant to grant one-off fees in other situations, e.g. if Alm. Brand wishes to retain an executive officer or risk taker for a given period of time. For this reason, one-off fees will now be granted based on a criterion of operational requirements.

   Application of the provision on one-off fees must still be approved by the Board of Directors and the Management Board, respectively, and must still be deemed appropriate subject to the relevant rules in the area. Accordingly, any grant of one-off fees based on performance will still be in contravention of the rules.

6. The heading of clause 11 "Guidelines for severance pay" has been amended to a more adequate heading: "Guidelines for severance".

   Clause 11, second paragraph, concerning notices of termination: It has proved relevant to apply longer notices of termination, and the previous limit for agreed notices of 12 and 6 months, respectively, has therefore been increased to the effect that the companies may terminate the employment relationship of an executive officer at a notice of up to 18 months, and executive officers may terminate their employment relationships at a notice of up to 9 months.

7. Clause 12, first paragraph, concerning the tasks of the remuneration committee:
The list of tasks described for the remuneration committee is not exhaustive compared with what is required by law. Among other things, the introduction of variable salary for risk takers would require the remuneration committee to ensure that the performance criteria forming the basis of calculation of the variable salary are correct. Notwithstanding that this is not relevant at the present time, the wording should be amended for the sake of completeness. For this reason, the first section now states that "The committees perform the tasks required by law from time to time, including the following tasks specified in a set of rules of procedure".

Recommendation for approval

It is recommended that the shareholders of Alm. Brand A/S approve the enclosed remuneration policy for 2019 with the specified amendments.

Yours faithfully,
Alm. Brand A/S

The Board of Directors