
Policy on Remuneration

Addendum to Global Policy on
Remuneration

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Colophon

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Introduction

De Lage Landen Finans AB (DLLF) is subject to the DLL International BV global remuneration policy that is in line with Rabobank Group's remuneration policy. DLL International BV Global remuneration policy is based on the following principles:

- A direct link between performance and pay.
- To encourage and reward sound and effective risk management and counteracts excessive risk-taking behavior.
- Pay levels in line with the market so that good members can be attracted and retained.
- To support the development of members within the existing job and, where possible, towards other jobs.
- The scheme is transparent and must be consistently applied.

This document is an addendum to DLL International BV's global remuneration policy for variable pay in DLLF to make sure that DLLF comply with regulation from Finansinspektionen and guidelines from EBA.

Governing external laws and regulatory guidelines

FFFS 2011:1 – Finansinspektionen's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management

FFFS 2014:12 - Finansinspektionen's regulations regarding prudential requirements and capital buffers

FFFS 2014:1 - Finansinspektionen's Regulations and General Guidelines regarding governance, risk management and control at credit institutions

Key definitions

Identified staff	These members are deemed to have a material impact on an institution's risk profile according to certain qualitative and quantitative criteria; therefore, additional requirements are applicable to their variable remuneration.
Fixed/Variable income	The EBA guidelines on sound remuneration specify the criteria for fixed remuneration in chapter 7. In DLLF, normal fixed salary and salary increases (including lump sums) are considered fixed remuneration, to which deferral guidelines are not applicable. Bonus income (STI - "Short Term Incentives") are considered variable income and thus in scope for possible deferral.
Control functions	DLLs function for risk control, compliance or internal audit

Criteria for fixed and variable compensation

All employees in DLLF are in scope of the company's variable remuneration programs. The variable remuneration is based on commercial, quantitative and qualitative targets depending on the employee's position. The size of the possible variable pay is based on the content and responsibility of the position and the employee's performance against the targets set in line with DLL International BV's remuneration policy.

Criteria for fixed compensation

The fixed salary consists of a fixed monthly salary that is at the appropriate right level and is set individually with a clear link that reflects relevant professional experience and organizational responsibility according to the employee's job description.

Criteria for variable remuneration

The total variable remuneration within the DLLF shall not limit the ability to maintain a sound capital base. Variable remuneration to employees shall not exceed 100 per cent of the fixed base salary. When calculating variable remuneration, current and future risks must be considered, the calculation must be based on risk-adjusted profit measures and DLLF must consider capital and liquidity impact for the Company. Remuneration to individual employees should not offset DLLF's long-term interests.

The remuneration shall be based on the total results of the performance of the employee, the result of the business unit and DLLF as a whole. When assessing the employee's earnings, both financial and non-financial criteria must be considered. The criteria used as the basis for a decision on compensation must be specified and documented.

If variable remuneration is paid to employees in control functions, this should be based on goals that are linked to the control function and are independent of the results of the business areas they control.

DLLF makes an annual risk analysis to identify employees whose work has a material impact on the company's risk profile. For these employees DLLF defers 40% (60% for employees in the Regional Management Team) of the variable remuneration over and above SEK 100 000, for a period of three years. Payment of the deferred amount will be done on a pro rata basis as of the year following that the variable remuneration was determined. The deferred compensation can be cancelled or adjusted downwards in the event of loss or increased risks and costs during the deferment period or in case the payment would be judged indefensible in view of the company's

financial situation. DLLF only defers variable pay that has been decided in accordance with DLL International BV's remuneration policy. The employee is eligible for payment of the deferred amount in accordance with this addendum even if the employee isn't employed during the deferment period.

Limits to guaranteed variable remuneration

DLLF should not give guaranteed variable remuneration at any other time than in conjunction with hiring of new member. Such variable pay can only be restricted to the first year of employment.

Remuneration in conjunction with the termination of employment

If compensation is paid in connection with the termination of employment, the Company shall ensure that the remuneration is in relation to the employee's performance during the period of employment and that it is calculated so that it does not reward unhealthy risk-taking. HR should in these cases seek advice from second line of defense (Compliance Officer or Risk Control Manager) before remuneration is paid to the member.

According to Global Remuneration policy members leaving DLLF, are not eligible for a pro rata STI payment unless their leave is due to retirement, long-term sickness, physical disability, redundancy or acceptance of a new position within Rabobank Group, or death. In these cases, a pro rata STI payment is allocated based on the members achievements so far, but only if the member leaves DLL on or after April 1st.

Risk assessment

Risk-Adjustments of variable pay

DLLF shall ensure that variable remuneration to employees whose duties have a material impact on the company's risk profile (identified staff), including deferred compensation, is only paid or transferred to the employee to the extent that it is justifiable in light of the DLLF's financial situation, by DLLF's result, the result of the individual business unit and the performance of the employee concerned. The variable remuneration should also be able to fall away completely for the same reason.

Variable remuneration shall not limit the DLLF's ability to maintain a sufficient capital base or, if necessary, strengthen the capital base. Current and future risks and actual costs of maintaining capital and liquidity shall also be considered.

Before any variable remuneration is paid, DLLF shall also assess the criteria that originally formed the basis for determining the employee's variable remuneration. In particular, the company must assess whether the employee's conduct has given rise to new or enhanced risks in the business and whether the assessment made by DLL in determining the employee's variable remuneration is still correct or whether there are grounds for adjusting the employee's variable remuneration ex post.

Reasons for adjusting variable remuneration ex post are as follows but not limited to:

- inappropriate or excessive risk-taking in relation to the employee's performance, the profit of the business unit or the total profit of DLLF
- violation of DLL's code-of conduct resulting in customer complaints, damages, regulatory sanctions or reputational risks.

DLLF shall prepare documentation of the adjustment, regardless of whether the above assessment results in an adjustment of the amount or not. The documentation shall indicate which parameters has been considered in its adjustment and the conclusions reached.

Risks associated with the remuneration structure

HR function is responsible to yearly identify employees whose duties have a significant impact on the company's risk profile. HR shall seek alignment with relevant department managers, Risk Control function or Compliance to discuss specific functions. Process is documented in the document Identified Staff – Process for DLL Nordics. The analysis should consider all the risks that the company is or may be exposed to, including the risks associated with DLLFs Remuneration Policies and remuneration structure. The analysis must be documented and presented to the Board of Directors in DLLF before the adoption of the annual report.

Risk hedging strategies

DLLF need to make sure that its employees do not use personal risk hedging strategies or insurances to mitigate or eliminate the effects of an adjusted or cancelled deferred remuneration. This should be regulated in employment contracts with identified staff members.

Information

Information to employees

HR department is responsible for informing all employees about the criteria that governs remuneration and how achievements are assessed. The assessment process and the remuneration policy should be available to all employees.

DLLF must inform all employees of the criteria that govern their variable remuneration. DLLF must also inform how the employees' earnings are assessed. A description of how the assessment is carried out and the remuneration policy itself must be available to all employees.

Publication of remuneration structure

Relevant and clear information on DLLFs remuneration must be provided in the annual report or on the DLL's website according to FFFS 2011: 1, FFFS 2014: 1 and FFFS 2014: 12. The information should include the design characteristics of the remuneration system, criteria used for performance measurement and risk adjustments, deferral policy and vesting. Also, the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments should be included in the information given.

Governance

Board of directors

The Board is responsible for annually reviewing, revising, and determining the remuneration policy. The Board decides on remuneration to the executive management, remuneration to employees who have overall responsibility for any of the DLLF's control functions and, on the measures, to be taken to follow up on the application of the remuneration policy.

DLLF shall appoint one member of the board who should perform an independent assessment of the remuneration policy and remuneration system. A control function within DLLF should participate in the evaluation process. The appointed board member must not be part of the management team of DLLF and shall have sufficient knowledge and experience in matters concerning risk management and compensation.

Control functions

The remuneration structure, including the calculation model and underlying documentation, must be reviewed annually by an independent control function. The result shall be reported to the Board, at the latest in connection with the adoption of the annual report.

DLLF must ensure that employees in control functions are independent in relationship to the business areas they oversee and have appropriate resources to follow up and control the risks associated with the remuneration system.