

A/S Global Risk Management Ltd. Fondsmæglerselskab

Pay and remuneration policy

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Abbreviations

Abbreviation	Description
AML	Anti-Money Laundering
BH	Bunker Holding
BO	Back Office
CCP	Central Counterparty
CDD	Customer Due Diligence
CRS	Common Reporting Standard
DPR	Data Protection Regulation
EDD	Enhanced Due Diligence
EMIR	European Market Infrastructure Regulation
FATCA	Foreign Account Tax Compliance Act
FPA	Fixed Price Agreement
FS GRM	Fondsmæglerselskabet (investment company) Global Risk Management
GLBA	Global Bank (financial counterparty when hedge with group internal trade desk)
GP	Global Positions
IP	Investor protection
IPA	Investor Protection Act
KYC	Know your customer
MAR	Market Abuse Regulation
MIFID	Markets In Financial Investment Directive
ML	Money Laundering
MO	Middle Office
M2M	Mark to market
OEA	Act on Order Execution
ORM	Oil Risk Manager
OTC	Over The Counter
SOA	Statement of Account
SP	SuperPort
TF	Terrorist Financing



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1. Definitions

In this policy the variables below shall have the meanings assigned to them in this section.

“Fixed salary” shall mean the contractually agreed monthly salary paid out in arrears and with a review frequency of no less than every 12 months.

“Remuneration” shall mean any variable salary component dependent on future performance of either the employee, FS GRM or both in unison.

“Management” shall be assigned the meaning equivalent to the Danish word: Direktion and is comprised solely by the managing director.

“Management team” shall be assigned the meaning equivalent to the Danish word: Ledergruppe and is comprised by the managing director, the sales director and the chief financial officer.

“Key decision makers” shall mean any person (not a member of management or the board of directors) that is solely or partly responsible for making decisions under a delegated risk appetite mandate as described in the credit risk policy, market risk policy, liquidity risk policy or operational risk policy as well as the head of risk control and the head of compliance.

2. Introduction

The purpose of the pay and remuneration policy is to outline key principles for remuneration allowing the board of directors and management to keep and attract the best employees on the respective fields of work whilst ensuring a high a degree of goal alignment between the individual and the company.

As a relatively small and specialised financial company, with a majority of the activity located geographically distant to the main financial centres in Denmark, FS GRM must in general adhere to the market developments in remuneration for personnel in the financial sector in order to stay relevant. Negative deviations to general remuneration levels are thus expected to impact negatively on the long term ability to attract talent and will further increase the exposure for external recruitment of FS GRM’s top performing employees.

The pay and remuneration policy must be reviewed by the board of directors yearly¹ in order to ensure a continued alignment of the policy with the actual status and robustness of FS GRM.

3. General principles

3.1. Fixed salary

FS GRM does not wish to be front running the developments in general remuneration levels when regards fixed salary in order to avoid escalation of the fixed cost base. The fixed salaries of FS GRM’s employees should thus be kept at market conform levels when considering the individual area of responsibility, experience, education etc.

3.2. Remuneration

Remuneration in excess of general market conditions deemed appropriate or necessary to attract or retain a specific employee should be referred to in a separate goal aligned remuneration contract

¹ In accordance with §6 in BEK no. 1582 13/12/2016

setting out additional payment when performance has been at or above specified levels directly or indirectly influenced by the employee.

Remuneration contracts of an ongoing or repetitive nature must adhere to the following general principles²:

- Must ensure financial and regulatory³ goal alignment with FS GRM by inclusion of individual/team performance and overall FS GRM performance
- Must discourage excessive risk taking by inclusion of relevant risk factors
- Must discourage short term decision making by evaluation on an appropriate time horizon
- Calculation principles must be simple and objectively verifiable
- Must include provisions regarding yearly review.

Remuneration contracts with one-off or extraordinary nature must adhere to the following general principles:

- Must ensure financial and regulatory goal alignment with FS GRM by inclusion of individual/team performance and overall FS GRM performance
- Must discourage excessive risk taking by inclusion of relevant risk factors
- Can include non-quantifiable parameters such as general performance, support of colleagues etc.
- Must have a clearly defined review/end date.

3.3. Pension

Pension will be proportioned to the fixed salary and not inclusive of or affected by any variable remuneration⁴ components.

The board of directors has decided that FS GRM shall participate in the Bunker Holding Group pension scheme. The pension contribution is currently fixed at 8 % of the fixed salary and administered by SEB.

For employees working out of the offices in Middelfart, Copenhagen or any other Danish location of FS GRM it is mandatory to participate in the pension scheme. It rests on the individual employee to decide whether to contribute personally in excess of the 8% provided by FS GRM.

3.4. Other benefits

In order to promote flexibility on travel and in the course of day to day business it is decided that FS GRM shall provide the employees with:

- Laptop
- Mobile phone
- High speed internet access at the employee residence.

² § 9 in BEK 1582 of 13/12/2016

³ §77a in LBK nr 1140 of 26/09/2017

⁴ and thus not subject to the provisions in § 13 in BEK 1582 of 13/12/2016 and §77a in LBK 1140 of 26/09/2017

All three items can be for personal and professional use alike, but costs deemed out of the ordinary and not work-relevant must be charged to the employee (e.g. donation via mobile phone to a charity by initiative of the employee).

In order to support the general health and wellbeing of the employees and to minimise health related absence it is decided that FS GRM shall provide the employees with:

- Health insurance
- Manage and contribute to the operation of an office canteen.

3.5. **Cost reimbursement**

Reimbursement of costs associated with accommodation, transportation and travel are to be managed in accordance with the local tax regulation.

3.6. **Severance pay**

Severance pay is to be used as compensation for enforcement of non-compete clauses and in accordance with local rules.

Inclusion of severance pay must be agreed in advance of employment and/or in advance of changes to non-compete clauses or similar agreements restricting the employee's ability to take up alternative employment at will.

The total value of a severance pay arrangement is not to exceed the equivalent of the preceding 12 month total salary (including value of benefits, holiday, pension etc.).

4. **Conflicts of interest**

Conflicts of interest are generally sought mitigated by the use of remuneration principles that ensure incentive alignment between the employee and FS GRM.

However, potential conflicts of interest and adverse effects on risk taking can still occur despite the remuneration principles being sound minded. This can for instance be the case if a lack of segregation of duties or other organisational design related parameters create direct or indirect conflicts of interest.

4.1. **Direct conflicts of interest**

Is determined as the employee personally having a remuneration contract on which the payoff is affected in full or in part by the same parameters that the employee are supposed to monitor or control.

4.2. **Indirect conflicts of interest**

Indirect conflict of interest is determined as:

- The employee referring to a manager where the manager's remuneration contract is affected by variables exclusive of the risks that the employee is to control
- The employee is controlling the actions of immediate members of family (spouse or children)
- Remuneration is based on profit parameters exclusive of risk
- Performance is measured on time horizons less than 12 months.

Direct conflicts of interest must always be avoided when designing remuneration contracts and job descriptions. In addition no indirect sources of conflict of interest are allowed in remuneration contracts for:

- The board of directors
- Management
- Management team
- Key-decision makers
- Employees with a monitoring or controlling capacity.

5. Pay and remuneration limits

In order to ensure a controlled and justified development in the pay levels of different personnel groups the following limitations have been decided.

5.1. Chairman of the board

If the Chairman of the board is also a member of the executive management team in Bunker Holding A/S or is a member of the Board of Directors of Bunker Holding A/S then the Chairman of the board in FS GRM is to receive no additional salary or remuneration separately for the work done in relation to FS GRM.

5.2. Board of directors

The pay and remuneration package for any member of the board shall consist of:

- Fixed pay equal to 12,500 DKK/month
- Compensation for travel expenses (with “statens km takst”) and any reasonable costs incurred in connection with travel, meetings, client-visits etc.

5.3. Management

The board of directors is to decide on a yearly basis pay and remuneration package for the managing director. When doing so, the board must observe the following provisions⁵:

- Variable remuneration must adhere to the general principles as stated in this policy
- Variable remuneration is limited to a maximum equivalent to 50% of the fixed pay when including pension
- A maximum of 40 % of the variable remuneration amount for a specific financial year can be paid out in cash when the audited financials are completed
 - the remuneration amount not eligible for immediate pay out must be set out in instruments reflective of the creditworthiness of FS GRM (e.g. FS GRM can sell and buy the same derivative instruments with a locked in profit in favour of the managing director equal to the relevant remuneration amount)
 - the instruments must be divided into 4 separate positions of equal value with the settlement dates being at least 12 months apart and with the first settlement date being at least 12 months after the initial cash pay-out

⁵ §77a in LBK no. 1140 Of 26/09/2017

- Pay-out of variable remuneration, be it the initial amount or one or more of the instalments, can only take place if it does not affect FS GRM's ability to live up to regulatory requirements to capital and liquidity.

5.4. **Management team and key risk decision-makers**

The managing director can set remuneration agreements with the members of the management team and key risk decision-makers as long as the following provisions⁶ are applied:

- Variable remuneration must adhere to the general principles as stated in this policy
- Variable remuneration is limited to a maximum equivalent to 100% of the fixed pay when including pension
- A maximum of 40 % of the variable remuneration amount for a specific financial year can be paid out in cash when the audited financials are completed
 - The remuneration amount not eligible for immediate pay-out must be set out in instruments reflective of the creditworthiness of FS GRM (e.g. FS GRM can sell and buy the same derivative instruments with a locked in profit in favour of the employee equal to the relevant remuneration amount)
 - The instruments must be divided into 3 separate positions of equal value with the settlement dates being at least 12 months apart and with the first settlement date being at least 12 months after the initial cash pay-out
- Pay-out of variable remuneration, be it the initial amount or one or more of the instalments, can only take place if it does not affect FS GRM's ability to live up to regulatory requirements to capital and liquidity.

6. **Internal reporting**

Once a year in connection with the financial year-end audit, a report must be prepared and presented to the board of directors enabling the board to assess whether the provisions of this policy have been adhered to⁷ in the pre-seeding year.

The report is to be prepared by the payroll responsible officer/employee and the accuracy of the report is to be verified by FS GRM's external and independent auditor.

This policy must always be available⁸ directly or upon request and changes communicated to members of the board, the managing director, the management team and the key risk decision-makers

⁶ §77a in LBK no. 1140 Of 26/09/2017

⁷ §7 BEK 1582 of 13/12/2016

⁸ §17 BEK 1582 of 13/12/2016

7. External reporting

7.1. Financial statement

The audited financial statement at year-end must include a section⁹ setting out the total remuneration paid to each member of the board and management in the financial year in question, including any pay and/or remuneration received from other positions held within the same group of companies.

7.2. Website

In accordance with §80c in LBK no. 182 of 18/02/2015 FS GRM must publish on its website information regarding provisions to promote and comply with:

- Policy for promoting diversity and proper competence in the board of directors (§70, item 1 no. 4 in LBK no. 182 of 18/02/2015)
- Measures to promote continued education and necessary skills of the board of directors and management (§71 item 1 no. 10 in LBK no. 182 of 18/02/2015)
- Policy on pay and remuneration (§77a item 1-7 in LBK no. 182 of 18/02/2015 and §6-11 in BEK 1582 of 13712/2016).

7.3. Finanstilsynet

In accordance with §21 in BEK 1582 of 13712/2016 FS GRM must report to Finanstilsynet the number of employees and/or members of the board of directors receiving a total salary inclusive of fixed pay and variable remuneration in excess of 1,000,000 EUR.

8. Mandates

8.1. Mandates to chairman of the board

The Chairman of the Board is granted the right to negotiate all salary terms with the Managing director within the principles stated in this policy.

8.2. Mandates to management

The managing director is granted the right to negotiate all salary terms with subordinate employees in FS GRM within the principles stated in this policy.

⁹ §77d item 3 in LBK no. 1140 of 26/09/2017

9. Appendix 1 – delegated mandate overview

Individual	Variable	Mandate	Unit	Notes
Chairman of the board	Salary	Negotiate and decide full salary with managing director		Must adhere to limitations in policy on pay and remuneration
	Delegation	No		If not negotiated and decided by the chairman, then the mandate lies with the board of directors
Managing director	Salary	Negotiate and decide full salary with subordinated employees		Must adhere to limitations in policy on pay and remuneration
	Delegation	Yes		Within own mandate