

## Remuneration Policy

Adopted by:	Board of Directors
Date of adoption:	2020-02-18
Replaces:	NA
Legal or other basis:	Swedish UCITS Act (2004:46), FFFS 2013:9, ESMA guidelines 2016-575
Policy owner:	CEO

### 1 Background

Movestic Kapitalförvaltning AB, Corp. ID 556760-8780 (hereafter referred to as the “Company”) is a Fund Management Company authorised according to the European Council Directive 2009/65/EC, as implemented in Sweden through the law on undertakings for collective investments in transferable securities (UCITS) (*Lag (2004:46) om värdepappersfonder*). The Company is domiciled at Birger Jarlsgatan 57B, S-103 99 STOCKHOLM, Sweden. It is a wholly owned subsidiary of Movestic Livförsäkring AB (“Movestic Liv”) domiciled in Sweden. The Company serves as Management Company for a number of investment funds under the brand name “Movestic” (hereafter the “Funds”) in Sweden. The Company is under the supervision of the Swedish Financial Supervisory Authority (“Finansinspektionen”).

According to the Swedish UCITS act, as well as FFFS 2013:9, a management company for UCITS shall implement sound remuneration policies which shall prevent an unnecessary or excessive risk taking when managing the UCITS. Further, according to ESMA guidelines 2016-575: “The long-term strategy of the management company should include the overall business strategy and quantified risk tolerance levels with a multi-year horizon, as well as other corporate values such as compliance culture, ethics, behaviour towards investors of the UCITS it manages, measures to mitigate conflicts of interest etc. The design of the remuneration systems should be consistent with the risk profiles, rules or instruments of incorporation of the UCITS the management company manages and with the objectives set out in the strategies of the management company and the UCITS it manages and changes that could be decided in the strategies must be taken into account”.

The ESMA guidelines 2016-575 also stipulate that “when developing their remuneration policy, management companies should give due consideration to how remuneration contributes to the prevention of excessive risk-taking, the efficiency of the management company and the UCITS it manages and the consistency of the remuneration policy with effective risk management”.

The purpose of the Company is the management of Swedish and, if applicable, foreign domiciled undertakings for collective investments in transferable securities (UCITS) which are authorised in accordance with the European Council Directive 2009/65/EC. The Company also provide portfolio management services for funds under management by third party management companies.

## 2 Purpose

The purpose of this policy is to ensure that all remunerations to employees of the Company are consistent with and promote sound and effective risk handling, and do not encourage excessive risk taking or counteract the Company's or its customers' short or long-term interests.

A fund management company shall have internal rules where it is clear and transparent how conflicts of interest are handled. The internal rules shall be established by the Board of Directors ("the Board") and in case the Company is a member of a group of companies, the internal rules shall also take such group arrangements into account. For the purposes of remuneration, this policy also contains principles on how to handle conflicts of interest related to the area of remuneration.

This policy contains the basis and principles for how the Company shall risk manage, set, apply and control remunerations, as well as how it should manage the risks and potential conflicts of interest associated with remuneration systems. Employment agreements, agreements about variable remunerations and other benefits must comply with this policy. The rules apply to all remunerations to all employees, including benefits paid direct or indirect by the Company within the framework of an employment. This policy does not represent any limitation of rules set out in law, other regulations, or collective labour agreements.

The policy should be adopted annually, based on a documented assessment of the risks to which the Company is, or may become, exposed as a result of its remuneration policy or remuneration system. In addition to this policy, the board of directors has also adopted an annual process for handling variable remunerations, as described in section 8.

## 3 Responsibilities

### 3.1 Decisions by the Board and the CEO, respectively

Decisions about remunerations to the Company's CEO and persons who have a material impact on the risk profile (portfolio management) shall be made by the board of directors. Decisions about remunerations to other employees are made by the CEO. The board of directors is also responsible for decisions about measures for monitoring adherence to this policy.

If applicable, the decisions of the Board shall adhere to decisions taken by the shareholders at the annual general meeting or extraordinary general meeting of shareholders.

The Board shall, in its preparation of the decisions regarding remuneration, take into account the long term best interest of the investors in the fund and the interest of other stakeholders including the public interest.

### 3.2 Board member responsible for decision preparation

The Board shall each year decide on the responsibilities for preparations of decisions regarding remuneration. It is stipulated in the Regulations that a fund management company of significant size and importance shall appoint a remuneration committee. The Board shall decide each year if it is most appropriate to appoint a person among the board of directors or a committee for preparing decisions on remuneration. The Board shall take this decision, taking into account the size of the fund management company and the size and volume of the funds under management, the scope, nature and complexity of the business activities of the Company.

A board member appointed by the Board to prepare decisions on remuneration for the Company must have adequate knowledge and experience regarding both remuneration and risk management. Such a member cannot be the CEO of the Company or have an equivalent position in the Company.

The Chairman of the Board, and other members of the Board, shall be members of the remuneration committee in case such a committee is established, however a member of the remuneration committee cannot be the CEO of the Company or have an equivalent position in the Company. The Committee must have adequate knowledge and experience regarding both remuneration and risk management.

The board of directors has appointed John Deane, Chairman of the Board, as responsible for preparing decisions on remuneration and measures to enable a review of how the Company's Remuneration Policy is applied. This board member will conduct an independent assessment of the Company's remuneration policy and remuneration structure.

## **4 Definitions**

### **4.1 Persons in leading positions**

By persons in leading positions is meant the CEO and other persons who report directly to the board of directors or to the CEO.

### **4.2 Employees whose professional activities have a material impact on the firm's risk profile**

The Company shall carry out an annual review to identify all employees whose professional activities have a material impact on the firm's risk profile. The following positions have been identified as belonging to this category.

- CEO,
- Staff at the portfolio management function
- All other positions whose total remuneration is on par with, or exceeds, the total remuneration of the CEO.

## **5 Remuneration principles**

### **5.1 Act in the best interest of investors**

The Company always has an obligation to act in the best interest of the investors of the funds and to ensure a fair and equal treatment of in the funds under management. Remuneration shall in no way prevent the company staff from fulfilling these obligations.

### **5.2 Proportionality**

Remuneration in the Company shall be structured in a way which is appropriate with consideration taken to the scope, complexity and nature of the Company's business activities, funds under

management, business strategy, objectives, stakeholders and the interests of the investors in the funds under management.

### **5.3 Market levels**

The Company shall offer the remuneration levels and terms and conditions of employment required to recruit and retain co-workers with the competency and capacity needed to deliver the Company's goals. Other benefits, such as car, lunch coupons or similar shall also be in line with market conditions.

Pension benefits shall be in line with market levels and comply with the Company's Pension Programme for employees of Movestic Kapitalförvaltning AB.

### **5.4 Fixed remuneration**

Fixed remuneration refers to remuneration paid monthly for work carried out. In addition to the fixed remuneration, variable remuneration components may be offered.

### **5.5 Variable remuneration**

Variable remuneration refers to remuneration, the amount or size of which is not determined in advance. Variable remuneration does not include commission-based salary not linked to future risk assumptions that may alter the firm's profit and loss statement or balance sheet. The variable remuneration is defined, according to ESMA 2016/575 as a "fully flexible policy", implying that the variable remuneration decreases as a result of negative performance and can go down to zero.

Variable remuneration shall not include any payments or benefits for pensions. Variable remuneration shall not in any way be linked to the payments for pensions for any company staff.

The Company shall ensure that its total variable remuneration does not limit the ability of the firm to maintain, or strengthen as needed, an adequate capital base.

#### **5.5.1 Personal hedging strategies**

One of the principles in this remuneration policy is that there should be a clear link between the risk profile and risk management of the funds under management and the variable remuneration. In case staff would be allowed to use personal hedging strategies to mitigate the risks of being paid variable remuneration in funds under management, this link would be reduced or completely eroded. Personal hedging strategies linked to remuneration paid in funds under management are therefore forbidden.

#### **5.5.2 Guaranteed variable remuneration**

Guaranteed variable remuneration shall only be paid where there are particular reasons for this and in conjunction with a person being recruited to a leading position. In such cases, the guaranteed component shall be limited to the first year of employment.

## **5.6 Promote a sound and efficient risk management of managed funds**

The remuneration for all staff in the Company shall be made in such a way as to prevent from excessive risk taking. The remuneration to staff shall promote a sound and efficient risk management and provide a link between the risk profile and fund regulations of each UCITS under management and the remuneration level, composition and structure.

## **5.7 Balance between fixed and variable remunerations**

Where the remuneration consists of both a fixed and a variable component, there should be a suitable balance between the components. The variable remuneration of an individual employee must not exceed 50% of their total pay. The Company's board of directors can approve exceptions to this rule on a case-by-case basis. It must be possible to set the variable component to zero.

## **5.8 Criteria for variable remuneration to employees whose professional activities have a material impact on the firm's risk level**

Variable remuneration to employees whose professional activities have a material impact on the firm's risk level shall be based upon previously adopted, target-based performance at company, department and individual level, as well as a risk-adjusted performance. The estimate and analysis of the risks for the risk-adjusted performance review shall take into account both future and present risks. When such an employee's performance is assessed, the Company shall specify and document how both financial and non-financial criteria on which the Company bases decisions about remuneration have been taken into account. To the extent that the analysis and review which form the basis of calculations for variable remuneration contain subjective criteria and/or subjective opinions, such criteria and opinions shall be balanced and documented in detail.

When setting targets for the variable remuneration, the Company shall ensure that variable remuneration is paid based on a well adjusted mix of:

- The individual performance of the employee. When assessing the individual performance of the employee, both financial and non-financial criteria shall be taken into account.
- The performance and risks of the business unit to which the employee belongs OR
- The performance and risk profile of the funds under management (if applicable).

When setting targets for individual remuneration the Company shall give due consideration to how remuneration, and the targets for payment of variable remuneration, contribute to the prevention of excessive risk-taking, the efficiency of the management company and the UCITS it manages and the consistency of the remuneration policy with effective risk management of both the Company and the funds under management.

The review and opinion on the Company's results shall be made over the long term, at least taking several years into account, and shall be in line with the investment horizon recommended to the investors in the funds under management. The analysis and opinion on the Company's result shall be based on the funds under management and their long-term performance and thereto related risks.

## **5.9 Remuneration to employees responsible for control functions**

The Company's risk control function, compliance function, and function for independent reviews (internal audits) shall be independent of the entities they monitor. To guarantee the independence of these functions, the Company has decided not to offer employees responsible for control functions variable remuneration components. The Company's risk control function is staffed, through outsourcing agreement, by persons employed by the parent company, Movestic Liv. The Company's risk management function for the funds under management is also delegated to a professional, third party provider of such services and therefore independent from the Company. The Company has made sure that the parent company does not pay variable remuneration to any employee with responsibility for this control function.

#### **5.10 Redemption of previous employment contract**

Remuneration packages relating to compensation or redemption for terminated compensation contracts that are included in agreements of employment with the Company must comply with this policy. The policy of the Company is that any variable remuneration paid to an employee (regardless of position held) who has terminated the employment contract with the Company, must be based on the performance of the person during the time of employment. The variable remuneration paid to an employee who has left the Company shall be calculated in such a way as to not be promoting a risk management which is out of line with the Company's policy for risk management or can be viewed as not sound or ineffective.

#### **5.11 Independent review and control**

The Company shall at least once a year ask the internal audit function or any of the control functions (risk control function or the compliance function) for a review of the remuneration, the remuneration policy and thereto related decisions, in order to establish compliance with the remuneration policy and principles of the Company. The review shall be made in writing and in the form of a report which shall be addressed to the Board.

## **6 Payment/deferral of variable remuneration**

### **6.1 Deferred payment**

For employees whose professional activities have a material impact on the firm's risk profile and the risk profile of the funds under management, at least 40% of the variable remuneration should be deferred. Should the variable remuneration earned by such an employee amount to a particularly high amount, at least 60% of the variable remuneration should be deferred.

#### **6.1.1 Rules applicable to the CEO**

At least 60% of the CEO's variable remuneration must always be deferred.

#### **6.1.2 Period of deferral**

When the Company determines how much of the variable remuneration to defer and for how long, it shall take into account the business cycle, the risks of the business, the employee's responsibility, the duties carried out by the employee, and the size of the variable remuneration, as well as the financial situation of the Company.

The Company shall make sure, that variable remuneration to an employee is only paid, or granted to in the form of fund units, to the extent it is justified with a view to the financial situation of the Company and with regards to the performance of the applicable funds under management, the performance of the Company and the performance of the employee. The deferred part of the remuneration must be possible to put to zero.

The payment and deferrals of variable payment shall be in line with the investment horizon recommended to the investors in the funds under management and must be at least 3 years. Payment of deferred variable remuneration shall be made pro rata temporis, and must not be done more often than once a year, and the first payment of such deferred variable remuneration cannot be made less than one year after it has been decided upon.

When the right to variable remuneration is established, the Company shall also specify how long the variable remuneration should be deferred. This period should be set as no less than three to five years. Deferred remuneration may be paid out once a year, evenly distributed over the period of time that the remuneration was deferred for (pro rata temporis). Where this is the case, the first payment may be made no earlier than one year after the decision to grant variable remuneration. Variable remuneration that has been referred for e g three years may therefore be paid by one third each year, starting from one year after the decision to grant variable remuneration.

## **6.2 Payment of variable remuneration**

The Company shall pay variable remuneration to at least 50 % in fund units of the funds under management by the Company. The rule to pay at least 50 % of variable remuneration in fund units of the funds under management by the Company shall apply to both the remuneration being paid directly, and the remuneration being deferred.

Variable remuneration paid in fund units shall be the property of the employee immediately after such variable remuneration in fund units has been awarded, however, the employee shall be restricted from accessing such fund units for at least 12 months following the date when the variable remuneration was awarded.

## **6.3 Adjustment of variable remuneration to employees whose professional activities have a material impact on the firm's risk profile**

Variable remuneration, including deferred remuneration to an employee whose professional activities have a material impact on the firm's risk profile shall only be paid or passed to the employee to an extent justifiable by the firm's financial situation, the business entity concerned, and the performance of the employee. The deferred portion of the remuneration can also be cancelled in full for the same reasons.

The variable component of the remuneration can also be cancelled in cases where an employee has failed to comply with the Company's internal or external rules.

#### **6.4 Remuneration on termination of employment**

Where remuneration is payable after the termination of an employment contract, the size should be in relation to the employee's performance during their time with the Company and comply with this policy.

### **7 Information to employees**

Employees shall be informed about the criteria that govern their remuneration and how their performance will be assessed.

Persons considered to belong to the category Employees whose professional activities can have a material impact on the firm's risk level shall be informed about this when they take up their position, or at the time when the employee starts performing tasks that cause them to be classified in this way.

### **8 Process for variable remunerations**

The Company's annual process for variable remuneration must include at least the following elements.

- The Company shall conduct an annual survey to identify employees whose professional activities can have a material impact on the firm's risk level.
- Criteria for variable remuneration shall be set for each person entitled to remuneration.
- Proposed criteria shall be presented to the board of directors, which will then decide whether to approve them.
- The agreed criteria shall be set out in a bonus agreement between the employee and the Company.
- A performance review shall be carried out in the year after the year of earnings, taking into account the requirements set out in paragraph 5.5. The risk control function shall be involved in this review, in accordance with paragraph 9.1. When required, the CFO shall also be involved in this process, to determine whether the remuneration is consistent with the Company's financial situation. The result of the review shall be presented to the Company's board of directors.
- The board of directors and the CEO shall make decisions in accordance with section 3.1.

### **9 Measures to prevent conflicts of interest**

To identify and deal with conflicts of interest is of vital importance to financial undertakings. As the Company provides for portfolio management services and is fully integrated within a group of companies, conflicts of interest may arise between different companies within the Movestic Group, the funds under management and the unit/shareholders and between different functions or units within the Movestic Group as well as between delegates/service providers and clients to the Company. For this reason, it is important that all employees and, where applicable, board members are aware of and take responsibility for identifying and dealing with any conflicts of interest that may arise in the operation. To safeguard its trustworthiness and reputation, the Company must put in place effective routines for identifying and dealing with conflicts of interest, to prevent them from having a detrimental effect on the Company itself, or on its customers.



In order to prevent conflicts of interest to occur for the area of remuneration, the following has been established:

- Decisions regarding remuneration (fix and variable): Decisions on remuneration cannot be made by one single person. Decisions regarding remuneration must always be subject to review and analysis by at least two different persons or entities in order to prevent for conflicts of interest to occur. For decisions regarding remuneration to material risktakers or persons in leading positions, the HR-function must be consulted and be involved in all decisions, as must the Board of Directors. For persons where the decision-making regarding remuneration is made by the CEO, the HR-function must be involved and participate in the decision making.
- Recruitment of new personnel and replacement of personnel: Decisions regarding remuneration for new personnel must involve the HR-function and final decisions on remuneration for new personnel must be taken in compliance with this policy.

## 10 Monitoring and control

### 10.1 Report to the board

The Company's risk control function shall be involved in the assessment and review of the Company's remuneration policy and remuneration structure, to ensure that they are consistent with a sound and effective risk handling within the Company. The analysis and review of risks associated with the remuneration policy and remuneration system and structure shall be made at least annually and based on this review it shall be possible to identify all the persons who have a material impact on the risk profile of the Company and on the funds under management. Persons who are identified as not having had a material impact on the risk profile of the Company or on the funds under management shall be specified and it shall be documented and justified why such persons are excluded from being considered as material risk takers.

The result of the assessment in which the risk control function is involved shall be reported to the board of directions before decisions about changes to the remuneration system and before the board makes decisions about the remunerations to individual employees.

### 10.2 Independent review

The Company's internal auditing function shall make sure that the Company's remuneration system complies with the remuneration policy on an annual basis. The result of this review shall be reported to the board of directors no later than in conjunction with the adoption of the annual report.

## 11 Entry into force and review

This policy has been adopted by the board of directors for Movestic Kapitalförvaltning AB and enters into force immediately upon adoption. The policy will be reviewed and adopted annually,

even when no amendments have been made to its content. The policy should be reviewed and adjusted as needed over the course of the year, after which it should again be adopted by the board.