



Remuneration Policy

AK Nordic AB

POLICY / PROCESS TITLE	OWNER	DATE
Remuneration Policy	Board of Directors – AK Nordic AB	25.06.2020

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1.0	Creation		25.06.2020
2.0			

Specific Changes Made	Section / Page / Appendix

APPROVED BY

MANDATORY	ROLE / AUTHORITY	DATE

1.0 Purpose and Introduction

The Board of Directors of AK Nordic AB (“**AK Nordic**” or the “**Company**”) has adopted this Remuneration Policy to define the principles related to the remuneration of the Company’s employees.

The Remuneration Policy aims to promote long-term approach regarding the business, to promote sound and effective risk management, and to avoid excessive risk-taking among the Company’s employees. Furthermore, the Remuneration Policy describes how the remuneration system is structured, its implementation and follow-up.

In order to avoid conflicts of interest as a result of the remuneration decisions taken, the Company shall describe, document and openly report how the Company’s remuneration to employees is determined.

In the preparation of this Policy, the Company has taken note of the general guidelines regarding regulations on remuneration structures in credit institution, investment firms and fund management companies licensed to conduct discretionary portfolio management by the Swedish Financial Supervisory Authority (FFFS 2011:1).

2.0 Definitions

“Employees in senior strategic positions” means employees, who, in addition to the Managing Director, lead and are responsible for the day-to-day operations of the Company.

“Remuneration” means all compensation and benefits to the employees. The remuneration may consist of, for example, cash salary, other cash remuneration, remuneration in the form of shares or equity-related instruments, pension provisions, severance pay and car benefits.

The Company allows for the following types of remuneration:

- Cash salary
- Pension provisions
- Vesting stock plan

Furthermore, to some extent, commission-based salary which are unrelated to any future risk commitments that can change the Company’s income statement or balance sheet, may occur. The mentioned type of risk commitments can only be decided by the Company’s Board of Directors and the Managing Director.

“Risk-taker” means an employee who can exert a significant influence on the Company’s risk profile; normally employees who can conclude agreements or take positions on behalf of the Company or otherwise affect the Company’s risks.

The Company considers that the Managing Director is to be regarded as a risk taker in accordance with the definition. The assessment is made in light of the decision-making process that is inherent in the Company, which includes decision-making that can significantly affect the Company’s risk level.

“Employee whose duties have a significant impact on the Company’s risk profile” consists of the management and employees in the following categories of staff:

- a. Employees in senior strategic positions,
- b. Employees in charge of control functions,
- c. Risk takers, and,
- d. Such employees whose total remuneration amounts to, or exceeds, the total remuneration of someone in the executive management.

With regards to point a) and c), please refer to the definition in the sections above.

For point b) the following applies: The Company's risk management functions (Risk Manager), internal audit and compliance functions. These are maintained by external contractors, and for this reason, these contractors are not by definition covered in this remuneration policy. It is furthermore the case, that those responsible for the aforementioned functions receive no variable remuneration for the services that are the subject of contractual agreements.

For point d) the following applies: There is currently no occurrence of any employees that has a total remuneration amounting to, or exceeding, the total remuneration of any member of the executive management in the Company.

"Variable remuneration" means an amount or size which is not a pre-determined part of the remuneration, and which are usually results-based. Variable remuneration does not count as commission-based salary, which is not linked to future risk commitments that may change the Company's income statement or balance sheet.

"Executive Management" means the Managing Director or other persons in the Company's management group or similar bodies, who reports directly to the Board of Directors or the Managing Director.

"Commission-based payment" means a pre-determined compensation not covered by the definition of variable compensation as above.

3.0 Roles and Responsibilities

The Company's Remuneration Policy shall be adopted by the Board of Directors. The Board has the ultimate responsibility for applying and following-up the Remuneration Policy. The Board decides the Managing Directors remuneration, the remuneration to employees who have overall responsibility for any of the Company's control functions, as well as the measures to be taken to monitor the application of the Remuneration Policy.

Remuneration to other employees is decided by the Managing Director.

The Company has appointed the Chairman of the Board to be responsible for the following:

- 1) Preparation of Board decisions regarding remuneration to the Executive Management.
- 2) Preparation of Board decisions regarding remuneration to employees who have overall responsibility for any of the Company's control functions.
- 3) Preparation of Board decisions regarding measures to follow-up the application of the Company's Remuneration Policy.

The Board member appointed to assume responsibility as above may not be included in the Company's Executive Management. The Board member must have sufficient knowledge and experience in matters of risk management and remuneration. The Board member must make an independent assessment of the Company's Remuneration Policy and remuneration system. In the preparation of the Board's decision as above, the long-term interests of shareholders, investors and other stakeholders should be considered.

4.0 Analysis

The Company shall annually conduct an analysis to identify employees whose duties have a significant impact on the Company's risk profile. In the analysis, the Company must consider all the risks that the Company is or may be exposed to, including the risks associated with the Company's Remuneration Policy and compensation system. The analysis shall be documented.

5.0 Basic Principles for Remuneration

Salaries and other terms of employment shall be such that the Company can attract and retain competent employees.

Employees at monitoring functions must always receive such compensation that enables the Company to employ qualified and experienced personnel for these functions.

The Company also has to comply with current collective agreements and applicable labour-law legislation when determining employee benefits.

6.0 Guidelines for Remuneration

The Company's remuneration system shall at all times be designed so that it benefits the Company's long-term interests and complies with the rules and principles established in order to protect the Company's customers, investors and shareholders. The remuneration paid by the Company must not jeopardize the Company's long-term results and financial position. In the event that the Company's Board of Directors intends to grant and pay variable remuneration to personnel in senior strategic positions, the Board shall also ensure that the remuneration level is not set so high as to limit the Company's ability to meet statutory requirements on the Company's capital base. The remuneration should not be so high as to jeopardize the Company's ability to report positive results over a business cycle.

Through the above-mentioned basic principles and guidelines, the Company assesses that any conflicts of interest can be avoided. According to the Company's assessment, the forms of remuneration, in view of the size of the Company and the activities conducted, are well compatible with the proportionality principle mentioned above.

Remuneration to employees of the Company can be divided into categories as follows:

- Fixed remuneration
- Commission-based remuneration
- Annual bonus based on OKR Performance

In addition to fixed remuneration to the above-mentioned persons, the Company has implemented commission-based remuneration, in order to ensure consistency between the management's focus and the strategies and goals set by the Board. The Company has commission-based remuneration for the management in order to achieve the Company's business objectives. The objectives of the business are of an operative nature, and the commission-based salary is thus based on the fulfilment of objectives of an administrative rather than a financial nature.

The commission-based remuneration according to above, may not exceed the total fixed remuneration paid during the financial year.

Fixed Remuneration

The fixed remuneration must be set individually at a level with a clear link to the employee's work and performance. When determining fixed remuneration, particular relevant professional experience and organizational responsibility should be considered.

Performance Assessment and Risk Adjustment

The Company must consider that variable remuneration, in the event of a decision on such remuneration, is appropriately balanced to the fixed remuneration that the Company provides.

The Company's assessment of earnings that form the basis of the calculation of variable remuneration shall be based mainly on risk-adjusted profit measures, regarding both current and future risks.

The Company's assessment of financial performance shall be conducted in a multi-year perspective to ensure that the assessment is based on long-term results, and that the Company's underlying business cycle and business risks are taken into account when the earnings-based remuneration is paid.

The Company shall, if variable remuneration exists, base the variable remuneration to the employees whose duties have a material impact on the Company's risk profile on both i) the employee's earnings and ii) the overall profit and the Company's result. The financial and non-financial criteria used by the Company for decision on compensation must be specified and documented.

The Company shall also consider the costs of maintaining a sufficient capital base or, if necessary, strengthening the capital base.

Variable Remuneration to Employees Whose Duties Have a Significant Impact on the Company's Risk Profile

A company shall base variable remuneration to employees whose duties have a significant impact on the company's risk level on both the employee's earnings, the overall earnings unit and the company's overall earnings. In assessing the employees of the Company's earnings, both financial and non-financial criteria's must be considered.

If a variable remuneration decision is made for employees whose work has a significant impact on the Company's risk profile and personnel who have a significant influence on the Company's risk level, whose variable remuneration for a year amounts to at minimum SEK 100,000, at least 40 per cent of the variable remuneration shall be postponed at least three to five years before it is paid out or the ownership is transferred to the employee. In deciding how much of the variable remuneration is to be postponed, and for how long, the Company shall consider its business cycle, the risks that the business operations entail, the employee's responsibility and duties and the size of the variable remuneration.

For employees in the Executive Management and other members of the Company's specially regulated staff who have variable remuneration at a particularly high amount, at least 60 percent of the variable remuneration shall be postponed.

The deferred remuneration shall only be paid or transferred to the employee to the extent that it is justifiable in view of the Company's financial situation and justified in accordance with the results of the Company, the business unit concerned and the employee. The deferred part of the remuneration should also be payable entirely for the same reasons.

Adjustment of Remuneration

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

7.0 Follow-up and Control

The Company has appointed the function for Compliance with the rules to be an independent control function in relation to the follow-up and control of the Company's Remuneration Policy.

The independent Compliance function shall, whenever appropriate and in any case annually review whether the Company's remuneration system complies with this Remuneration Policy.

The results of the review shall be reported to the Board no later than in the context of the Annual Report is adopted. In the event that the Compliance function finds that the Company's remuneration to individual employees deviates from this Remuneration Policy, reporting to the Board shall be made promptly.

Appropriate control functions shall participate in the assessment and evaluation process performed by the specially appointed Board member in accordance with what is stated above in section 3.0 *Roles and Responsibilities*.

8.0 Information to Employees

The Company must inform all employees of the criteria that govern their remuneration and of how their results are assessed. The assessment process and the Remuneration Policy should be available in the Intranet to all employees.

9.0 Publication of Remuneration

The publication of remuneration is in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR) and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on prudential requirements and capital buffers. Please, refer the Company's *Disclosure and Reporting Policy*. The Company shall publish the information in such a form that it does not risk disclosing the economic conditions of individual persons.

10.0 Related Documents

- *Disclosure and Reporting Policy*
- *Code of Conduct*
- *Corporate Governing Document*
- *Authorization Instruction*

11.0 Legal Prerequisite

- FFFS 2011:1
- FFFS 2014:12
- Regulation (EU) No 575/2013