

Remuneration

Catella Fondförvaltning AB Remuneration policy

The decision processes

The board of directors of Catella Fondförvaltning AB (“the Company”) adopted in March 2021 this remuneration policy based on Finansinspektionen’s Regulations regarding investment funds (FFFS 2013:9); Finansinspektionen’s Regulations regarding alternative investment fund managers (FFFS 2013:10).

In accordance with the aforementioned regulations, the Company has a remuneration policy that encompasses all employees of the Company, which allows for competitive remuneration in the markets where the Company competes for competent and experienced staff and which has been prepared in order to promote sound and effective risk management and serve the Company’s long-term interests. Employees who can have material impact on the Company’s risk level are identified following careful analysis of operations and review of the Company’s policies. According to this policy, employees assessed as being in a position to have material impact on the Company’s risk level are identified as “specially regulated staff.” These members of staff include senior management, employees responsible for control functions and risk takers. The Company has identified all fund managers and the Company’s Senior Sales Managers as risk takers. Sixty percent of variable remuneration to specially regulated staff must be deferred and paid in equal portions per year over the three subsequent years.

The board of directors has appointed a Remuneration Committee composed of the chairman of the board and two designated directors. The Remuneration Committee has held one meeting concerning variable remuneration for 2020. The Remuneration Committee independently evaluates the remuneration policy and the Company’s remuneration systems and, after proposal from the CEO, prepares the basis for decision by the board of directors concerning remuneration and measures in accordance with the remuneration policy.

In its capacity as an independent control function, the Company’s internal audit function reviews whether the Company’s remuneration system is consistent with the remuneration policy. The internal audit function reports to the board as needed but at least once per year before the annual report is adopted by the annual general meeting.

The link between pay and performance

The Company offers remuneration whose structure and content are competitive in the markets where the Company competes for competent and experienced staff. Generally, remuneration to employees of the Company is composed of fixed salary and variable remuneration related to the Company’s development and to individual performance. Remuneration is furthermore designed to facilitate the Company’s capacity to achieve good short- and long-term profitability. The combination of fixed and variable remuneration varies among employee categories including sustainability-related risks.

Performance assessment and risk adjustment

The Company's assessment of performance upon which variable remuneration is based must be based principally upon a risk-adjusted profit measure. Present and future risks must both be taken into consideration.

The Company must base variable remuneration to specially regulated staff upon the performance of the individual employee, the performance of the relevant profit centre or fund and the Company's overall performance. The assessment of the employee's performance must consider financial and non-financial as well as sustainability-related criteria.

The Company has established a process for risk adjustment of variable remuneration that takes into account the performance of the Company, the business units and/or the funds/discretionary mandates and the Company's capital- and liquidity requirements. "Funds" refers here to all funds managed by the Company. The aims of this process are to:

- Promote a positive risk culture
- Promote a proactive approach to identifying and managing risks
- Promote the integration of sustainability risks into the investment decision-making process
- Promote cooperation and joint responsibility for managing joint risks
- Reducing incentives to conceal risks or shortcomings
- Consider the interests of fund unit holders/clients and external stakeholders

Risk adjustment of profit on the business level are made for all employees. For fundmanagers, the adjustment is also made at the fund level or discretionary level.

Deferment of remuneration

The Company has determined that a three-year horizon for deferment of variable remuneration is suitable and adequate based on the Company's risk profile and is also consistent with the Company's forward-looking horizon in connection with forecasting of future capital and liquidity requirements. In the Company's judgement, three years is also a reasonable horizon for assessing the impact of current risk taking on future fund performance and make it possible to adjust previously decided deferred variable remuneration afterwards.

With respect to the portion that must be deferred it is deemed to be appropriate to defer 60 percent of the variable remuneration to affected to relevant employees to ensure a sufficient long-term perspective and to achieve common interest between employees and the Company's customers and fund unit holders.

The deferred portion of variable remuneration must be conditional upon that the performance on which the decision concerning variable remuneration was based has not subsequently changed, that payment of the remuneration is still justified upon consideration of the performance of the Company, the relevant unit or fund and the employee, and upon that the Company's financial position permits payment of all or part of the sum. The deferred portion of the variable remuneration may, if these conditions are not met, fully or partially fall away. All employees who are eligible for variable remuneration have fixed base salary at a level that makes it possible to set the variable portion to zero

and variable remuneration for a particular individual may thus amount to zero in connection with low profitability or inadequate goal attainment.