

INFORMATION ABOUT SKANDIA FONDER'S REMUNERATION POLICY

Remuneration regulations

On 1 November 2016, Finansinspektionen issued regulations on compensation systems in regulations on mutual funds (FFFS 2013: 9). Finansinspektionen has previously issued regulations on trustees of alternative investment funds (FFFS 2013: 10) (collectively the "Regulations") which contain the corresponding provisions on compensation schemes. The provisions of the Regulations describe how a fund company and Alternative investment fund managers shall measure, manage and control the risks that compensation schemes can entail.

Skandia Fonder AB ("Skandia Fonder"), which has a license to manage mutual funds in accordance with the Act (2004: 46) on mutual funds and permits to manage alternative investment funds in accordance with the Act (2013: 561) on managers of alternative investment funds, are covered by the Regulations.

This information about Skandia Fonder's remuneration policy has been prepared in accordance with the Regulations.

Our internal remuneration policy aims to ensure that the Group can attract, retain and motivate employees. The remuneration policy is based on the Group's goals and business concepts, its market and competitive situation, as well as our risk management strategy and financial conditions.

Skandia has a low-risk remuneration system that we consider to be compatible with the management of sustainability risks in the business as the variable component is very limited and only includes provisions to Skandianen and variable salary to advisory staff. Skandia is a customer-owned company and the variable salary paid to our advisors is product-neutral and designed to promote long-term customer value through high quality advice. Our remuneration system is thus deemed to be consistent with the company's management of sustainability risks. This assessment is evaluated annually and presented to the Board of Directors (Remuneration Committee) in the evaluation of the remuneration system.

Remuneration policy

Skandia Fonder's Board of Directors has adopted a remuneration policy that will promote sound and efficient risk management and counteract risk-taking in Skandia Fonder, which is incompatible with the risk profile of the managed mutual funds and fund rules. The remuneration policy shall at all times be in accordance with Skandia Fonder's business strategy, objectives, valuations and interests of Skandia Fonder, the mutual funds and the unit holders in the same. The remuneration policy and its application must not prevent Skandia Fonder from fulfilling its obligation to act in the interest of unit holders.

The remuneration policy states, among other things, that the remuneration to the employees must be designed with regard to the importance of the business is cost effective and competitive. The compensation system should encourage one long-term value creation for Skandia Fonder with a well-balanced risk horizon. Remuneration to employees in Skandia Funds must be individual and differentiated and based on:

- the employee's performance, competence and experience,
- the market, ie what other companies pay for similar tasks within what can
- considered as the employee's potential labor market, and
- the responsibility and degree of difficulty of the position (tasks).

The remuneration policy for Skandia Fonder shall be reviewed annually so that it develops in step with changes in the company's environment.

The Skandia Group's central function for internal audit shall annually independently review Skandia Fonder's remuneration complies with the remuneration policy and report the results of the review to Skandia Board of Directors. This reporting normally takes place in connection with the adoption of the annual report.

Risk analysis

Before a decision is made on a remuneration policy or remuneration system and in the event of significant changes in these, an analysis is made of how the system affects the risks Skandia Fonder is exposed to and how these risks are managed. Skandia Fonders Risk Manager has a special responsibility for this assessment.

The risk analysis, which forms the basis for Skandia Fonder's remuneration policy, includes a description of the structure and content of remuneration systems for Skandia Fonder's employees, how Skandia Fonder's remuneration policy is to be applied as well as an analysis of the process for identifying employees who are part of the circle of specially regulated personnel.

The following parts of the remuneration system are important components that have influenced the results of the analysis:

- There is a remuneration committee in the Skandia Group's parent company, Livförsäkringsbolaget Skandia Mutual ("Skandia"), which is a permanent board committee with the task of preparing questions about benefits to employees within Skandia and its subsidiaries, as well as a specially appointed member for remuneration issues in Skandia Fonder. The process ensures transparency in the remuneration design for the executive the director and his management team.
- All remuneration to Skandia Fonder's employees takes the form of fixed remuneration and a very limited variable component (Skandianen).
- Clear processes for approving salary adjustments, the so-called "grandfather principle", which means that approval must be given by the "manager's manager".
- Selection of employees who are part of Skandia Fonder's specially regulated staff.

The risk analysis shall be performed by the Skandia Group's HR function with appropriate support from the head of risk management. The assessment must always contain a special analysis of any conflicts of interest as well as risks linked to sustainability and how these should be handled.

Preparation and decision process

Skandia Fonder has appointed a special board member with the task of preparing significant issues regarding remuneration to employees in Skandia Fonder and prepare the Board's decisions on measures to follow up the application of Skandia Fonder's remuneration policy.

The specially appointed member shall also prepare the Board's decision on remuneration to the CEO, if where applicable, the Deputy CEO and others in Skandia Fonder's management team who are direct responsible to the board or the managing director. The Board's decision on remuneration to the CEO the director must be approved by Skandia's remuneration committee before such a decision is implemented.

Decision on remuneration to, where applicable, employees who have overall responsibility for one of Skandia Funds' control functions (risk management and risk control, compliance and internal audit functions or corresponding) shall be taken by the board.

Decisions on remuneration to other employees in Skandia Fonder are made in accordance with the so-called "grandfather principle" applied within Skandia.

Components of remuneration

The remuneration consists of one or more of the following components:

- Monthly salary, ie fixed salary that is paid monthly.
- Skandianen, which is a profit-sharing foundation. An annual is made for all Skandia Fonder's employees provision to Skandianen based on the Skandia Group's financial results.
- Pension and risk insurance.
- One-off payments, such as gratuities and time-limited salary supplements
- Severance pay
- Other benefits.

Skandia Fonder only applies variable remuneration to employees in the form of provisions to Skandianen, which is a profit-sharing foundation for all employees in the Skandia Group.

Employees who are part of Skandia Fonder's specially regulated staff

Based on the above-mentioned risk analysis, Skandia Fonder identifies the employees included in the so-called particularly regulated staff. This group includes employees in the following categories:

- 1) Skandia Fonder's executive management (CEO and the deputy and others persons in the company's management team or similar bodies who are directly responsible to the board or the CEO), and
- 2) Employees who are included in the following staff categories and who have not been exempted:
 - a. Employees in senior strategic positions (employees who, in addition to the executive management, leads and is responsible for the day-to-day operations of the company, e.g. employees responsible for portfolio management, personnel, administration or marketing)
 - b. Employees responsible for control functions
 - c. Risk taker - an employee who belongs to a staff category that can exercise a significant role in the service influence over the risk profile of the company or a managed mutual fund. This is normal employees who can enter into agreements or take positions for the company or for a manager mutual fund, or otherwise affect the company or the manager the risk of the mutual fund, and
 - d. Employees whose total remuneration amounts to, or exceeds, the total remuneration of someone in the executive management.

The employees who are part of the circle of specially regulated staff are evaluated on an ongoing basis by Skandia Fonder and can thus changing from time to time.

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