

Guidelines for Employee Compensation

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This document outlines Kavaljer AB's, hereinafter referred to as the Company, guidelines for employee compensation. The purpose of this document is to specify the principles for how compensation should be determined, how the policy should be applied and monitored, and how employees who can influence the company's risk level are defined.

The policy applies to all employees and encompasses all compensation and benefits within the framework of employment.

According to Chapter 8, Section 4 c of the Swedish Securities Market Act (2007:528), the Company must have a compensation system that promotes sound and effective risk management.

According to Chapter 3 a of the Swedish Financial Supervisory Authority's regulations (FFFS 2017:2) on securities operations, the Company must have a compensation policy that is both consistent with and promotes effective risk management and does not encourage excessive risk-taking, taking into account the company's nature, scope, and complexity. The policy must also be gender-neutral.

General Principles The basis for the compensation model is that it should contribute to creating favorable conditions for the Company to satisfactorily fulfill its mission from the owners and customers. The compensation model should encourage good performance and contribute to making the Company an attractive employer.

The compensation model should be consistent with and promote sound and effective risk management, including sound and effective management of sustainability risks in accordance with the Company's current Policy for the Policy for Responsible Investments, and should not encourage excessive risk-taking or counteract the Company's long-term interests.

The compensation model must not provide an incentive for employees to act in a way that conflicts with the interests of the funds or their shareholders, or in a way that causes employees to disregard any of the Company's policies, including the Policy for Responsible Investments in their work.

The overall purpose of the compensation model is to contribute to creating favorable conditions for the Company to satisfactorily fulfill its mission from owners, customers, and fund shareholders.

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General Principles

The compensation model must not provide an incentive for employees to act in a way that conflicts with the interests of the funds or their shareholders, or in a way that causes employees to disregard any of the Company's policies, including the Policy for Responsible Investments.

To avoid conflicts of interest arising from the compensation decisions to be made, the Company must describe, document, and openly disclose how the Company's compensation to employees is determined.

Employees within the Company should have competitive employment terms. The compensation should be at the industry level in the geographic market where the Company operates.

The design and level of compensation should align with the Company's values, be reasonable, characterized by moderation and well-balanced, contribute to good ethics and organizational culture, and be characterized by openness and transparency.

The Company does not apply variable compensation for either the Company's executive management or employees.

Executive Management

The Company's executive management consists of the CEO and the members of the Company's management team. Other employees do not belong to the group of employees whose tasks have a significant impact on the Company's risk profile according to the definition in Chapter 2, Section 17 of the Swedish Financial Supervisory Authority's regulations (FFFS 2017:2).

Fixed Compensation

The foundation of the compensation model shall consist of a fixed monthly salary. The fixed compensation must be set at the right level and individually determined with a clear connection to the employee's work and performance. When determining the fixed compensation, relevant professional experience and organizational responsibility must be particularly considered.

Commission-Based Compensation

For sales personnel, commission-based compensation may be provided. Such commission-based compensation is not considered variable compensation since it is not linked to future risk-taking that could affect the Company's income statement or balance sheet.

Guaranteed Variable Compensation

In cases where guaranteed variable compensation is granted, this is only allowed in connection with new employment and if there are special reasons. Guaranteed variable compensation is then limited to the first year of employment.

Employee in a Control Function

The Company's compliance officer or another control function employee should not have any variable compensation, but only a market-based fixed salary. If such a function is outsourced to an external party, Kavaljer AB regulates the compensation for that party in a separate agreement, which does not contain any result-dependent component.

Other Compensation and Benefits

In addition to monetary compensation, the Company may offer employees benefits such as car allowances, meal allowances, and health and wellness benefits. Such benefits shall be compiled in a separate benefit offer for employees. Pension and severance terms are governed by the employment agreement. Within the framework of the principles for compensation to senior executives determined by the general meeting, the Company may agree on special pension and severance terms. The Company does not apply discretionary pension benefits.

Governance and Control

The Board of Directors shall appoint a special board member responsible for assessing the Company's remuneration policy and compensation system and preparing board decisions on compensation for the executive management, as well as the actions to be taken to follow up on the application of this policy. This person, who may not be part of the Company's executive management, must have knowledge and experience in matters concerning risk management and compensation. Internal audit shall participate in the assessment and evaluation process conducted by the specially appointed board member.

Compensation upon Termination of Employment

If compensation is paid in connection with the termination of employment, the compensation must both relate to the employee's performance during their employment and be calculated so that it does not reward unhealthy risk-taking.

Deferred Payment

In cases where the Company pays variable compensation to the executive management and employees whose tasks have a significant impact on the Company's risk profile exceeding SEK 100,000, 40% of the amount must be deferred for three to five years before being paid out. The deferred compensation may be reduced or eliminated entirely if justified by the Company's financial situation at the time of payment. Any deferred compensation will be paid out annually, evenly distributed over the deferral period (pro rata). The first payment can be made no earlier than one year after the variable compensation was determined. Employees whose tasks have a significant impact on the Company's risk profile are not allowed to use hedging strategies or insurance to reduce or eliminate the effects of any adjustments or forfeiture of deferred compensation.

The Company's total payment of variable compensation may under no circumstances limit the Company's ability to maintain an adequate capital base or, if necessary, strengthen the capital base.

Decisions on Compensation

The Company's Board of Directors shall decide on compensation for the executive management. Decisions regarding compensation for other employees may be delegated by the Board to the Chairman or the CEO. If delegation is made to the CEO, the CEO must keep the Chairman informed about the contents of such decisions.

Information to Employees

All employees must be informed about the criteria that govern their compensation and how their performance is assessed.

Disclosure of Information

No later than when the Company's annual report is adopted by the general meeting, a report on the Company's compensation must be disclosed. This report shall be included in the annual report or attached as an annex to the annual report. The Company's guidelines for employee compensation shall be published on the Company's website.

Annual Analysis

The Company must conduct an annual analysis to identify employees whose tasks have a significant impact on the Company's risk profile. The analysis shall address all risks that the Company is or may become exposed to, including risks associated with the Company's compensation policy and compensation system. This analysis must be documented. All compensation must be reviewed by the Board once a year.

Amendment and Follow-Up of the Guidelines

The Company's Board of Directors decides on the guidelines for employee compensation. The Board is responsible for ensuring that the guidelines are applied and followed up. Compliance with these guidelines and the alignment of the Company's compensation with the guidelines must be reviewed annually by the Compliance Officer. The result of the follow-up shall be reported to the Board in connection with the annual report and immediately in cases of non-compliance.

The CEO is responsible for updating the guidelines.