

Approved by ECH Board on 22 April 2020

Applicable as of 20 April 2020

## **Group remuneration policy**

### **1 Introduction**

The Board of Directors of East Capital Holding AB (“ECH”) has adopted this remuneration policy (the “Policy”). The Policy shall be applicable to all employees and Companies (as defined below) within the Group (as defined below).

The Board of Directors of BN Securities AB (“BNS”) has in accordance with the Swedish Financial Supervisory Authority’s FFFS 2011:1, as amended by FFFS 2014:22, adopted a remuneration policy (the “BNS Policy”). Hence, with regard to BN Securities this Policy does not apply.

It should be noted that employees who perform services/duties for BNS may be identified as risk-takers in accordance with the BNS Policy and, hence, the BNS Policy may also be applicable to employees in other Companies than BNS.

ECH decides if there are any other than BNS employees to be identified as regulated staff according to BNS’ Remuneration Policy.

East Capital Group’s intention is to position itself as an attractive employer whose aim is to take good care of its staff. Beside monetary compensation, employees are therefore offered a range of other benefits, which are to follow market praxis. Alongside this Policy, each country where East Capital Group has an office will therefore have its own guidelines to follow.

ECH reserves the right to, at its sole discretion, at any time and regardless of reason, amend or cancel this Policy. Such amendment or cancellation shall be effective immediately and applicable to all employees, unless stated otherwise.

### **2 Definitions**

<b>Company:</b>	Refers to a company within the Group which an employee is employed by.
<b>Group:</b>	Refers to the group of companies of which ECH is the parent company.

<b>Next Generation:</b>	Refers to a category of staff that based on contributions to the Company's development over at least three years and anticipated crucial contribution to the future development of the Company have been designated as Next Generation by Principals and Partners. Next Generation is the first step of East Capital's talent management program.
<b>Partners:</b>	Refers to those individuals (employed by a company within the Group) who, directly or indirectly, are shareholders of ECH and who are responsible for the Group strategy. Partners are the third and final step of the East Capital talent management program.
<b>Principals:</b>	Refers to a category of staff that based on outstanding contributions to the Company's development over several years and anticipated crucial contribution to the future development of the Company have been designated as Principals and invited to purchase shares in ECH by the Partners and other Principals. Principals are the second step of the East Capital talent management program and are divided into two categories, Principal I and Principal II, with Principal II being the more senior category.
<b>Remuneration:</b>	Refers to all remunerations and benefits, when declared as income for the employee, directly or indirectly paid to an employee (cash salaries, other cash-based remuneration, shares or share-based instruments, pension benefits, severance pay, car benefits etc.).
<b>Variable Remuneration:</b>	Performance based remuneration that has not in advance been determined as for its size or amount as defined in FFFS 2011:1 1:4 p7.

### 3 General

The Group's remuneration system shall be formulated so that it benefits the Group's long-term interests. Remuneration shall not jeopardize the Group's long-term result and financial position.

The Group strives for Remuneration to be competitive, comply with market standards, rules and regulations as well as with the Group's corporate values; Respectful, Insightful and Explorer. The Policy has been based on the knowledge that competitive remuneration systems are an important component allowing the Group to attract, retain and motivate employees. However, there is always a risk that Variable Remuneration may lead to unbalanced risk taking while on the other hand, Variable Remuneration serves as an important incentive to facilitate the business strategy of the Group, and to stimulate employees to make efforts to strengthen the long-term value of the Group.

The Policy shall also promote sound and effective risk management, a long-term perspective and discourage excessive risk-taking by the Group's employees as well as aim to encourage responsible business conduct, fair treatment of clients and avoiding conflict of interest in the relationships with clients.

#### **4 Fixed Remuneration**

The Group shall primarily remunerate its employees with fixed monthly salary or hourly rates. Permanent staff are entitled to pension contributions according to the pension policy applicable from time to time. Certain employees will also be remunerated with pre-determined benefits, such as company car etc. Fixed Remuneration is set on an individual basis with regards to the market salary of the position, relevant professional experience and organisational responsibility as set out in the employee's job description as part of the terms of employment and individual performance.

##### **4.1 Key Staff Allowance**

Certain employees are classified as Principal I, Principal II or Next Generation (jointly referred to as the "Principal Categories") in the Company and Group. In order to be eligible as a Principal I, the following requirements need to be fulfilled:

- be a specialist, owner of revenue or senior manager,
- show qualities associated with running and leading a field of expertise or line of business,
- have a deep understanding and experience from Asset Management, and Investments and Financial and Asset Management markets,
- have worked at least four (4) years in the Company and one (1) year as Next Generation.

Principals are expected to act as an internal and external ambassador of the Company and the Group, address and be constructive on problems, actively engage in discussions about East Capital's development and future, develop their respective business, department and staff, strive to find new sources of revenue and suggestions for cost control and take responsibility for decision on and execution of business plan.

Next Generation and new Principals I shall be decided upon by all Principals and Partners. New Principals II are determined by Principals II and Partners. An employee who is a member of one of the Principal Categories cannot be excluded from the relevant category without consenting to the exclusion.

Employees included in the Principal Categories shall receive an annual fixed allowance in addition to their salary. The amount of annual fixed allowance is pre-determined (one set amount for Principal II, one for Principal I and one for Next Generation). The pre-determined annual fixed allowance amount is predetermined, permanent and non-revocable and can hence not be reduced, suspended or cancelled by the Company. The allowance amount can increase, but not decrease, from one year to another. Any decrease in annual fixed allowance amount requires the consent of all relevant employees classified as Principal II, Principal I or Next Generation, respectively. Employees included in the Principal Categories are required to invest at least 1/3 of their respective allowance, after taxes and/or other mandatory fees and/or contributions, in instruments managed by the Group.

## 5 Variable Remuneration

All permanent staff members in the Group are eligible to receive variable remuneration in accordance with the provisions set out in this section.

### 5.1 Determining Variable Remuneration

Variable Remuneration shall be based on relevant, pre-determined and measurable criteria linked to the Company's business strategy, goals, values, risk management and long-term interests. Variable Remuneration should not encourage excessive risk-taking. Variable Remuneration should not compromise the Company's ability to maintain a sufficient capital base, liquidity buffer and, if necessary, strengthen the capital base and the current and future risk levels.

For all employees within the Company eligible to receive Variable Remuneration the Variable Remuneration shall not exceed 100 per cent of the fixed annual remuneration.

### 5.2 Special Contributions

Outstanding achievements can be rewarded with a special premium, up to a value of maximum 5 000 Euro plus social taxes. The premium may consist of additional vacation days or a trip to a destination in the markets where we invest. Managers propose the achievement to be rewarded and the decision is made by the Management Team.

### 5.3 Variable Remuneration for Principals

If the Group meets certain predefined quantitative criteria within a set time period, Principals I and Principals II will, subject to the limits laid out in sections 5.1 and 5.5, be awarded one-time Variable Remuneration paid out in shares in ECH, indirectly owned via a Special Purpose Vehicle, the amount of shares paid out will be determined based on the ownership the individual already holds. The value of the shares is based on an external valuation of ECH.

### 5.4 Variable Remuneration for Real Estate staff

Staff members who are involved in the management of the Groups Real Estate funds can be invited to receive part of their Variable Remuneration in the form of shares which entitle the holder to receive a share of the profits in the funds they are involved in the management of, so called "Carry Shares".

### 5.5 Limitations regarding Variable Remuneration

Guaranteed Variable Remuneration is generally not allowed. Deviations from this general provision may only be made in exceptional cases, and provided such Variable Remuneration is paid to an employee in connection with recruitment and shall be limited to his/her first year of employment within the Company (i.e. sign-on bonus to cover Variable Remuneration generated at a previous employer which is not paid out by such employer). Decision to grant such guaranteed Variable Remuneration shall be decided by the Board of Directors. The Company shall not make payments of discretionary pension benefits or gratuities (Sw. gratifikationer).

Assessment of the Company's result which is available for Variable Remuneration shall primarily be based on a risk-adjusted operational profit. Consideration shall be taken of the Company's

actual cost of capital and necessary liquidity. The assessment shall be conducted from a multi-year perspective, to ensure that the assessment is made on substantial long-term results as well as the Company's underlying business cycle and business risks.

Statutory vacation pay (if any) is included in the determined and received Variable Remuneration. Company provided pension allocation (*Swe: tjänstepension*) is not paid on Variable Remuneration. This section applies unless national legislation states otherwise.

Variable Remuneration, if any, shall be based on the employee's actual working hours (*Swe: arbetstid/tjänstgöringsgrad*). Hence, if the employee has been absent from work or worked part-time during the relevant remuneration year, the Variable Remuneration will be reduced accordingly (pro rata).

In the event an employee gives or receives notice of termination of his or her employment with the Company, regardless of the reason hereof, before any Variable Remuneration has been paid out, the employee is not entitled to Variable Remuneration, even if the amount of the Variable Remuneration for the preceeding year has been determined and communicated to the employee, prior to notice of termination. This shall apply also during the employee's period of notice.

## **6 Balance between Fixed and Variable Remuneration**

Remuneration that is comprised of both Fixed and Variable Remuneration shall be appropriately balanced. Fixed Remuneration shall represent a large enough portion to be able to, if necessary, set any or all Variable Remuneration to zero.

## **7 Individual performance criteria**

Each employee shall be informed of the individual criteria that govern their Remuneration and how his/her performance is assessed. All employees are evaluated on the same criteria:

- 1) Professional standards which are based on the job description,
- 2) Individual goals which are set together with the manager,
- 3) Achievement of and adherence to East Capital core values:
  - a. Insightful
  - b. Respectful
  - c. Explorer
  - d. Compliance with Rules and regulations and
  - e. Risk awareness and management

For employees performing well, a Variable Remuneration can be achieved. In relation to the annual performance evaluation, management participate in "round tables" to ensure a fair and equal treatment in the East Capital Group.

A separate risk evaluation is performed for staff deemed to have a material risk on the Company's risk profile before payment of variable and deferred variable remuneration (according to ECAB's Remuneration Policy (5.3)).

## **8 Severance pay**

Remuneration paid out in connection with the termination of employment shall be in proportion to the employee's performance during the term of employment and must not reward unsound risk-taking.

## **9 Remuneration Currency**

All remuneration is primarily paid out in local currency. If part of the remuneration is set in another currency, the amount should be converted into local currency, using a fixed yearly rate (HR budget rate) valid at the time of the decision.

## **10 Management and control**

The Company's Board of Directors is responsible for the application and follow-up of this Policy.

The Company's Board of Directors shall resolve on:

- (i) the total amount of Variable Remuneration to be paid each year, and
- (ii) exceptions regarding application of the provisions in the Policy,

The Company's Board of Directors shall comply with what the shareholders meeting has resolved in reference to Remuneration. The Board of Directors shall take into account the long-term interest of shareholders, investors and other stakeholders.

## **11 Responsibilities**

Responsible for implementation of the Policy: Chief Human Capital Officer

Responsible for implementation control: CEO of ECH

Responsible for annual review: Board of Directors of ECH

## **12 Distribution**

Internal distribution within the Group and external subject to the decision of the CEO of ECH.

---