


Remuneration Policy

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|  | Type of Document | | |
| | Policy Document | | |
| | Owner | Reviewer | Adopted by |
| | Chief Executive Officer | Chief Compliance Officer | The Board of Directors |
| | Date of approval | Applicable from | Classification |
| | December 18 2023 | December 18 2023 | Confidential |

Background

The MiFID II delegated regulation requires small and non-interconnected investment firm to define and implement remuneration policies and practices.

Policies and practices shall be established under appropriate internal procedures taking into account the interests of all the clients of the firm, with a view to ensuring that clients are treated fairly and their interests are not impaired by the remuneration practices adopted by the firm in the short, medium or long term.

Remuneration policies and practices shall be designed in such a way so as not to create a conflict of interest or incentive that may lead relevant persons to favour their own interests or the firm's interests to the potential detriment of any client.

This Policy constitutes IKC Capital AB's Remuneration Policy.

Policy Objectives

This Policy is intended to

- contribute to sound and effective risk management in IKC Capital;
- mitigate conflicts of interest relating to remuneration practices, and
- contribute to the attainment of long-term business goals by helping IKC Capital to attract and retain staff.

Definitions

Discretionary pension benefits: A pension benefit that IKC grants to an employee on an individual basis as part of his or her variable remuneration. This does not include accrued benefits granted to the employee earned according to the terms of the IKC's pension system.

Material risk takers: an employee whose professional activities have a material impact on the risk profile of IKC Capital or of the assets that the firm manages.

Remuneration: All remuneration and benefits to an employee (e.g., cash salary and other cash remuneration, remuneration in the form of shares or share-related instruments, provisions for pensions, severance pay and corporate car).

Variable remuneration: Remuneration where the amount or size is not determined in advance. Variable remuneration does not include commission-based salary that is not linked to future risk commitments that could change the IKC’s statement of profit or loss or balance sheet.

Applicability and Scope

This Policy regulates the following procedures:

- Identification of material risk takers
- Performance evaluation of employees for the purpose of deciding on variable remuneration
- Decision-making procedures
- Deferral and withholding procedures (ex-post adjustment) for material risk takers

The Policy applies to all employees.

Roles and Responsibilities

This section identifies what roles are involved in executing this Policy and describes their responsibilities.

| Role | Responsibilities |
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| The Board of Directors | <ul style="list-style-type: none"> • Decide on variable remuneration to the CEO in accordance with this policy, and decide on variable remuneration to internal control functions, if they are employed by IKC Capital AB • Approve any updates to this Policy after consulting the Compliance Function |
| The CEO | <ul style="list-style-type: none"> • Decide on variable remuneration to all other staff members in accordance with this Policy • Inform employees about this Policy, including criteria for variable remuneration • Identify material risk takers in accordance with this Policy and inform them about the specific policies that apply to them |
| The Compliance Function <i>Outsourced to Coeli Asset Management</i> | <ul style="list-style-type: none"> • Monitor compliance with this Policy |

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| | <ul style="list-style-type: none"> • Advise on updates to this Policy |
| The Internal Audit Funtion <i>Outsourced to Harvest Advokatbyrå AB</i> | <ul style="list-style-type: none"> • Perform independent reviews of IKC Capital AB’s remuneration system in accordance with the audit plans approved by the Board of Directors |
| Head of Finance <i>Outsourced to Coeli Asset Management</i> | <ul style="list-style-type: none"> • Provide the Board of Directors and the CEO with relevant financial data as basis for deciding on variable remuneration • Authorize payment of variable remuneration |

Policies Material Risk Takers

At least once per year, IKC Capital shall identify employees whose duties may have a material impact on the firm’s risk exposure. Material risk takers are subject to specific remuneration policies as further described below.

The purpose of identifying material risk takers is to reduce unsound risk-taking and create long-term incentives to stay with IKC Capital.

It is the responsibility of the CEO to identify material risk takers, inform them, and report back to the Board. The CEO may delegate this task to someone else in or outside of IKC Capital.

Remuneration Structure

Fixed Remuneration

All employees in IKC shall receive fixed remuneration. Fixed remuneration means a fixed salary or hourly rate. Salaries and hourly rates are determined individually. When setting a salary, IKC shall consider at least the following aspects:

- relevant professional experience and organizational responsibility as set out in the employee's job description as part of the contract of employment.
- education
- seniority
- level of expertise
- market salary for position

Medical insurances, pension plans and other benefits

All employees shall receive occupational pension (“ITP”), medical insurance and health care allowance (“friskvårdsbidrag”).

IKC Capital may offer employees company car benefits on a needs-basis.

Variable Remuneration

All employees may receive variable remuneration provided that the conditions for receiving variable remuneration are met. IKC Capital AB is not obligated to pay variable remuneration to employees.

Policies on Variable Remuneration

Conditions for awarding variable remuneration to employees

- Variable remuneration must be based on pre-established criteria (see below);
- Any decision on variable remuneration must be based on a documented assessment of how well the employee has performed in relation the criteria, and
- Variable remuneration may not limit the IKC Capital’s ability to maintain sufficient liquidity or preserve its statutory capital base.

Integration of sustainability risks

Sustainability risks are considered in terms of variable compensation with the aim of promoting a healthy business and culture and curbing excessive risk-taking. Qualitative criteria are stipulated in this policy and quantitative criteria are subjective and are balanced in relation to the employee's duties and responsibilities.

Remuneration criteria

IKC Capital has established the following criteria, with a view to aligning the interests of IKC Capital and its employees with that of the clients. The criteria apply to everyone in IKC unless otherwise stated.

| Qualitative | | Quantitative | |
|--|--|---|---|
| Criteria | Measurement Point | Criteria | Measurement Point |
| Compliance with internal policies and procedures, which includes compliance with IKC Capital’s Sustainable Investment Policy, which builds on the integration of sustainability risks. | Participation in/absence from compliance trainings Number of established breaches of internal policies and procedures | Portfolio performance (applicable to portfolio managers only) | Portfolio investment returns. When applying this criteria, IKC Capital shall also consider any active breaches by the employee in question, or passive breaches that haven’t been properly handled. |
| General behavior towards clients and colleagues | Positive and negative feedback from colleagues and clients Client complaints | Contribution to AUM growth | Attainment of sales objectives if such have been set. When applying this criteria, IKC Capital shall also consider whether the employee has acted in accordance |

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| | | | with internal policies and procedures applicable to sales, including but not limited to the AML policy and the Code of Conduct. |
| Contribution to IKC capital long-term business goals | Number of successful client referrals Number of successful employee referrals Participation in or initiation of pro-active development initiatives | | |
| General employee performance | Attainment of employee goals if such have been set Completion of business-critical projects | | |

Measures to prevent conflicts of interests in relation to quantitative criteria

IKC Capital recognises that quantitative remuneration criteria may give rise to conflicts of interest. To align company and employee interests with that of the clients, IKC Capital shall implement the following measures:

- Pre compliance controls to prevent breaches of investment restrictions.
- Post compliance checks to detect excessive risk-taking.
- Pro rata allocation procedures to prevent portfolio managers from favouring a more lucrative portfolio over a less lucrative one.
- When assigning sales objectives to staff, IKC Capital must ensure that the objectives do not create an incentive for staff to concentrate their sales efforts only on certain products to the detriment of clients' best interest, for instance those that are more lucrative to the firm.

Evaluation Policy

When assessing an employee's performance in relation to the above criteria, IKC Capital shall make sure not to attribute too much weight to just one or a few criteria. The weights attributed to the criteria used to determine the remuneration should not be such that they render some of the criteria, especially qualitative ones, insignificant or that they give others, especially quantitative commercial ones, too much significance.

Decision-making Policy

The Board of Directors decides on fixed and variable remuneration, including payment of deferred variable remuneration, to the CEO and to internal control functions, if employed by IKC Capital.

The CEO decides on fixed and variable remuneration to all other employees, including payment of deferred variable remuneration.

All decisions relating to remunerations, whether fixed or variable, shall be documented in writing.

Decisions on variable remuneration shall include at least the following:

- The proposed amount to be paid in variable remuneration and, if applicable, the amount to be deferred or any remaining deferred amounts from previous years;
- For new variable remuneration, what criteria were used to evaluate the employee's performance and why these were relevant to the employee in question, and a statement describing how the proposed variable remuneration is justifiable with consideration to the employee's performance in relation to the relevant criteria;
- For deferred variable remuneration, a statement explaining why the remuneration shall be adjusted (if applicable) and if not, a statement explaining why no adjustment is needed, and
- An assessment of IKC Capital's financial situation including a statement confirming that the variable remuneration does not limit the firm's ability to maintain sufficient liquidity and preserve its capital base.

Balance Between Fixed and Variable Remuneration

Remuneration IKC Capital must have an appropriate balance between fixed and variable components. Fixed components must account for a large enough portion of the employee's total remuneration to allow for the variable components to be zero.

Maximum Limit on Variable Remuneration

The maximum limit on variable remuneration remains at 100% of fixed remuneration including base salary and pension.

Deferral Policy and Ex-post Adjustment for Material Risk Takers

To further the objectives of this Remuneration Policy (see above), IKC Capital applies specific policies for material risk takers (see definition above). These policies are also intended to further discourage relevant persons to disregard client's interests or favour their own interests (for instance, by investing in assets with higher short term returns but presenting more risks in the long term or not suitable to the client's investment horizon) in order to attain short-term performance objectives.

For material risk takers receiving variable remuneration of at least SEK 500,000 or more during a year, 60 percent of the variable remuneration will be deferred for three years. IKC Capital will then pay deferred remuneration once a year, evenly spread over the entire deferral period.

Before paying deferred remuneration, IKC Capital shall examine if there are any grounds for reducing the variable remuneration, such as

- inappropriate or excessive risk-taking in relation to the employee's performance;
- lack of compliance with internal policies and procedures, or
- conduct that resulted in or may result in client complaints, damages, regulatory sanctions, or reputational risk.

In addition, IKC Capital will pay deferred remuneration only if it is justifiable with consideration to the company's financial situation.

Discretionary Pension Benefits

Variable remuneration must not contain discretionary pension benefits.

Guaranteed Variable Remuneration

Guaranteed variable remuneration may only be provided for new employees and in exceptional cases if there are specific reasons to do so. Guaranteed variable remuneration is limited to the first year of employment and must be approved by the Board. This provision does not refer to the redemption of deferred remuneration, which is discussed below.

Deferred Remuneration From Previous Employers

If, in conjunction with taking up employment, an employee has deferred remuneration derived from their previous employment, IKC can offer the employee a compensation package to replace or redeem the previous employment contract. If IKC chooses to take this opportunity to offer such a compensation package, IKC must ensure that the compensation package used is consistent with this Policy.

Severance Pay Policy

Any remuneration, in addition to contractual salary and accrued holiday pay, which is payable to an employee in conjunction with the termination of his/her employment shall be determined with regard to the employee's performance during the employment, and calculated so that it does not reward unhealthy risk-taking.

Employee Resignation

If an employee resigns from a position, regardless of the reason, after the employee was informed of a decision on variable remuneration but before any variable remuneration had been paid, the variable remuneration will then be waived and not paid. Regarding previous years' remuneration that has been deferred, such deferred variable remuneration shall not be waived, provided IKC Capital has made an initial payment of the relevant variable remuneration. However, the provisions in sections Deferral Policy and Ex-post Adjustment for Material Risk Takers shall be applied as if the employee was still employed by IKC Capital.

Pension and Variable Remuneration

No pension is paid on the determined variable remuneration.

Record-keeping Policies

Describe any record-keeping requirements, retention periods and classification policies.

Related Policies

Other policies that are relevant for applying this Policy are

- The Conflicts of Interest Policy
- The Code of Conduct

Version History

| Date | Author | Description of updates |
|------------|--|--------------------------------|
| 2022-11-08 | Emelie Hedlund Coeli Asset Management | Substantial material revisions |

Publication of information on the remuneration policy etc.

IKC must publish an explanation on its website of how IKC meets the requirements of the Regulations regarding its remuneration policy and remuneration system. This explanation may be included in the audited annual financial statement, provided the statement is published on the company’s website.

Expediting/publishing of the Policy

Unless special circumstances exist, this Policy will be sent via e-mail to everyone in the organization. The policy may not be distributed to any third party without the written consent of the CEO. The content of attachment 1 to this Policy is confidential as it contains information on remuneration to individual employees of the Company.

Updates and amendments

The Company’s Board of Directors shall regularly and at least annually, review and adopt the Remuneration Policy. Amendments will take effect from the date indicated above.