1. Rationale

In accordance with Chapter 9, Section 3 of Finansinspektionen's regulations (FFFS 2013:10) regarding alternative investment fund managers, Chapter 8(a), Section 3 of Finansinspektionen's regulations (FFFS 2013:9) regarding UCITS and the Swedish Corporate Governance Code, Tundra Fonder AB ("the Company") shall have a remuneration policy.

The European Securities and Markets Authority (ESMA) has also issued guidelines on sound remuneration policies under the AIFM Directive and the UCITS V Directive. The Company's remuneration policy, its application and the amount paid must be disclosed no later than in conjunction with publication of the funds' annual reports. The information must refer to circumstances at the reporting date.

According to the aforementioned regulations, the Company shall have a remuneration policy that is in accordance with and promotes sound, effective risk management and counter-acts excessive risk-taking. Application of the remuneration policy must not prevent the Company from fulfilling its duty to act in the interests of fund unitholders.

The remuneration policy shall be updated and reviewed at least annually. The remuneration policy shall be designed and applied in a manner appropriate to the Company's size, internal organisation and the nature, scope and complexity of the business. The remuneration policy shall also be consistent with the business strategy, objectives, values and interests of the UCITS and the managed special fund or the investors and contain a list of the measures that will be taken to avoid conflicts of interest.

The Company shall moreover analyse the risks associated with the Company's remuneration policy and remuneration structure. The Company shall identify employees whose tasks have material impact on the Company's risk profile ("identified staff").

In the light of the foregoing, the Board of Directors of the Company has adopted this remuneration policy ("the Remuneration Policy").

2. Policy target group

The Remuneration Policy covers all employees of the Company.

3. Fundamental analysis of risks associated with the Company's remuneration policy and remuneration structure

Fundamental analysis
The regulations require the Company to analyse the risks associated with the Company's Remuneration Policy and remuneration structure. Based on this analysis, the Company shall identify its identified staff.

In this analysis, the Company shall document and specifically explain which employees shall be included in any of the following categories of staff: employees in strategic management positions, employees responsible for control functions, risk takers, and employees whose total remuneration is equal to or exceeds the total remuneration to any of the members of executive management, and shall therefore be classified as identified staff. The analysis shall show whether any of the categories of staff specified in the regulations might have material impact on the risk profile of the Company, the managed funds, or the discretionary management mandate and shall therefore be classified as identified staff.

The CEO of the Company shall perform the aforementioned analysis annually and present a written report to the Board of Directors, which will decide which employees shall be considered identified staff. If new employees are hired during the year, the CEO shall ensure that an assessment is made as to whether or not the new employee shall be classified as identified staff; in questionable cases, the matter shall be referred to the Board of Directors for decision.

The Board of Directors of the Company has adopted a Remuneration Policy and an analysis of which employees shall be classified as identified staff.

Measures to handle conflicts of interest

A structure that provides pays high remuneration to an individual employee who has contributed to favourable financial performance from a short-term perspective, but whose decisions might lead to losses for the manager over a longer horizon, may warp the employee’s perspective and can incentivise them to disregard the best interests of the Company over the long term.

A flawed design of the remuneration structure and payments of variable remuneration can also have adverse impact on the Company’s liquidity and result in the Company failing to fulfil regulatory requirements.

In the light of the foregoing, it is crucial that a manager ascertains that its remuneration policy and remuneration structure are in accordance with and promote sound, effective risk management. Identifying and reporting the measures that will be taken to avoid conflicts of interest is one aspect of this process. The measures that the Company will take are reported below.

Under a poorly designed remuneration structure, individuals who participate in fund management or perform other services might take excessive risks or violate the fund rules and the Company’s internal rules with a view to increasing their own remuneration level over the short term. Moreover, fund assets could be valued at an amount higher the market price in order to increase the Company’s revenues from management charges.

In order to handle the potential conflict of interest, variable remuneration is not paid to the aforementioned individuals based directly upon management performance. The Company has furthermore established internal control functions tasked with monitoring fund management compliance with the fund rules, etc. In addition, the funds are independently valued.

The Company has moreover identified that its interest is to generate profits for its owners, while the client’s interest is to obtain the best possible return on invested capital in relation to the risk level and at the lowest possible cost. Consequently, the incentives of clients and decision-makers within the Company may not coincide, and the Company or individual employees of the Company may take risks with client assets in order to generate personal gain and earn more on an upturn than they lose on a downturn. In an attempt to balance the interests of the parties, management fees shall therefore be transparent. Expected risk and investment limits are specified and must not be exceeded.

4. Governance and control

The Board of Directors shall decide on fixed and variable remuneration to identified staff, while the CEO, or the person to whom the CEO has delegated this responsibility, shall decide on fixed remuneration to employees who are not classified as identified staff.

In the light of the Company’s size, the size of the funds managed by the Company, the internal organisation of the Company and the nature, scope and complexity of the business, the Company has determined that it does not need to form a separate remuneration committee. Instead, it is incumbent upon the Board of Directors to appoint an independent director with particular responsibility for preparing Board decisions on remuneration and the measures specified above. The risk management and compliance functions shall participate in this assessment and evaluation process. Jointly with the compliance function, the Director shall also perform an independent assessment of the Company's Remuneration Policy and remuneration structure, at least once a year. The appointed director cannot be a member of the Company's executive management and shall have sufficient understanding of and experience with matters pertaining to remuneration and risk management.

It shall also be incumbent upon the appointed director to otherwise prepare matters for Board decision pertaining to this policy. When preparing matters for Board decision, the long-term interests of unitholders and other stakeholders, as well as the interests of the public, shall be taken into account.

At least annually, the Company's compliance function shall review the Company's remuneration structure and determine whether it is consistent with the Remuneration Policy. The function shall report the results of the review to the Board no later than in conjunction with adoption of the annual report.

If employees in control functions are awarded variable remuneration as set out below, the Board of Directors and the CEO shall ensure that the decision is based on targets linked to the control function without regard to the financial performance of the business units they control.

In connection with decisions that would entail a conflict of interest for an employee or director, the individual shall recuse himself or herself from participating in the decision. This may, for example, apply to decisions on the individual's own remuneration or decisions concerning business transactions where a conflict of interest has been deemed to exist.

5. Remuneration structure

Balance between fixed and variable remuneration

Any remuneration models used within the Company shall maintain an appropriate balance between fixed and variable components. A guaranteed variable remuneration component shall be permitted only in exceptional cases and only in connection with new employees. Such remuneration shall be limited to the first year of employment.

The fixed components shall account for a sufficiently large portion of the employee's total remuneration that it is possible to set the variable components to zero. In its Remuneration Policy, the Company shall state the maximum size of the variable components in relation to the fixed components for all categories of staff who are eligible for variable remuneration. In this respect, the Company has deemed that variable remuneration shall be limited to twice the amount of fixed remuneration. Departures from this principle may only be decided by the Board of Directors.

The Company allocates funds for variable remuneration in financial years in which profit before tax is generated. If profit before tax is less than SEK 500,000, payment of variable remuneration is postponed to future years. The Board of Directors of the Company decides what portion of the allocation shall be distributed to executive management, defined as the CEO and the Deputy CEO. The Company's CEO thereafter distributes the remainder of the allocation among all other employees. This remuneration model ensures that the performance of both individual employees and the Company are taken into account.

If an employee is paid total remuneration (fixed plus variable remuneration) that is equal to or exceeds the total remuneration paid to any member of executive management, the employee shall be classified as identified staff.

The Company does not distribute discretionary pension benefits.

Eligibility for variable remuneration, etc.

All employees are eligible for variable remuneration.

Commission-based pay that is not linked to such future risk-taking that might change the Company's income statement or balance sheet is not considered variable remuneration.

If remuneration in addition to contractual pay and accrued annual leave pay is paid to an employee upon termination of employment, such remuneration shall be decided only by the CEO, following consultation with the Company's compliance function. Such remuneration shall be proportional to the employee's performance during the tenure of employment and be calculated in such a manner that it does not encourage unsound risk-taking.

Performance assessment and risk adjustment

According to the aforementioned regulations, the financial and non-financial criteria used by the Company as a basis for remuneration decisions with regard to identified staff shall be specified and documented, and appended to the minutes of the meeting of the Board of Directors at which the decision on variable remuneration was taken.

The regulations state the following:

> A manager's performance assessment used to calculate variable remuneration components shall primarily be based on risk-adjusted profit measures. Both current and future risks shall be taken into account.
>
> If a manager adjusts its performance for risk based on subjective assessments, the considerations that serve as the basis for the adjustment shall be well balanced and documented.
>
> A manager's performance assessment shall be based on a multi-year perspective that has been adapted to the life cycle of the investment funds under management. This shall safeguard in part that the assessment is based on sustainable long-term performance and in part that the redemption policy and investment risks of the managed UCITS funds and alternative investment funds are taken into consideration when paying variable remuneration.
>
> A manager shall base the variable remuneration to identified staff on the employee's performance, on the performance and risks of the affected business unit, the performance and risks of the UCITS or alternative investment fund and on the manager's total performance. Both financial and non-financial criteria shall be taken into account in the assessment of the employee's performance.

The Company has defined the criteria for variable remuneration in the Remuneration Policy.

In preparing matters for decision by the Board pertaining to remuneration and measures set forth above in section 4, the appointed director shall review the proposed variable remuneration against the financial and, where applicable, non-financial criteria that are the basis for the Board decision on remuneration.

When taking decisions on remuneration to individuals who are not classified as identified staff, it is incumbent upon the CEO, or the person to whom the CEO has delegated this responsibility, to consider the financial and, where applicable, non-financial criteria that are the basis for the Board decision on remuneration, in accordance with the preceding paragraph.

According to Chapter 8, Section 23(a) of the Swedish Companies Act (2005:551), decisions on remuneration for board service are the purview of the annual general meeting.

Deferral

Identified staff

In order to achieve a long-term risk perspective, the following shall apply with regard to identified staff.

For identified staff, 40 percent of the distribution or transfer of variable remuneration shall be deferred for five years before it is paid or ownership of fund units, as set forth below, is transferred to the employee.

If an individual classified as identified staff is awarded variable remuneration that is particularly high,[1] 60 percent of the variable remuneration shall be deferred for five years before it is paid or ownership of fund units, as set forth below, is transferred to the employee.

The Company shall pay deferred remuneration once per year, evenly distributed over the period of time that the remuneration was deferred (pro rata).

Where applicable, the Company shall ensure through written agreement with the employee that the employee agrees to refrain from using personal risk hedging strategies or insurance policies intended to reduce or eliminate the risks that deferred remuneration will be adjusted or lost.

Other employees

Payment of variable remuneration awarded does not have to be deferred for employees who are not classified as identified staff. In addition, there is no requirement that a portion of the remuneration must consist of units in a fund managed by the Company. However, the CEO shall be empowered to decide, with regard to one or more employees, to defer remuneration in the same manner as for identified staff, if the CEO finds this necessary to achieve a long-term risk perspective.

Units in funds managed by the Company

The Company shall ensure that at least 50 percent of the variable remuneration to identified staff consists of units in the fund or funds for which the employee performs tasks, or otherwise consists of instruments achieving a corresponding common interest as units in these funds. These comparable instruments are those which put the holder in a quasi-ownership position and merge the interests of the Company , the funds and the holder. If the employee performs tasks for more than one fund, the allocation of units shall be made pro rata among the funds.

The first paragraph shall apply to both deferred variable remuneration and non-deferred variable remuneration.

The employee may not exercise control over awarded units for at least one year after ownership of the instrument has been transferred to the employee. This applies whether or not the variable remuneration was deferred.

Loss of remuneration

By written agreement with the employee, the Company shall ensure that deferred variable remuneration is only paid or awarded to the employee to an extent justifiable by the Company's financial situation and the performance of the relevant fund, discretionary management mandate and the employee in question. It shall also be possible to cancel the deferred portion of the remuneration in full for the same reasons.

6. Disclosure of information about the remuneration policy, etc.

The Company shall disclose, on its website, the following information about the Remuneration Policy and remuneration paid by the Company:

[1] "Particularly high" means remuneration in an amount that seems particularly high in relation to other remuneration paid by the company, the historically usual levels of remuneration in the company, and circumstances otherwise.

Summary of Remuneration Policy

1. Information about how the Remuneration Policy was decided and the risk analysis used as the basis for designing the Remuneration Policy and, where applicable, the composition and authority of the compensation committee, details concerning external consultants engaged to draft the Remuneration Policy and the role of relevant stakeholders.
2. Information about the correlation between performance and remuneration.
3. Information about the overall design of the remuneration structure, including the criteria for performance assessment and risk adjustment, for deferral of payment and for when ownership of deferred remuneration is transferred to the employee.
4. Information about the performance criteria used as a basis for remuneration in the form of shares, share-related instruments, financial instruments or other components of variable remuneration.
5. The main parameters and reasons for the variable remuneration structure and other non-cash benefits.
6. The sum total of remuneration recognised as an expense in the financial statements.
7. The sum total of remuneration recognised as an expense in the financial statements, specified according to the categories of executive management, other employees who can affect the manager's risk level, and other employees, as follows:
    a) Earned remuneration itemised between fixed and variable remuneration and specifying the number of persons paid fixed and variable remuneration, respectively.
    b) Variable remuneration itemised between cash, shares, share-related instruments, other financial instruments and other variable components.
    c) Deferred remuneration specifying the portion of the remuneration that is not at the disposal of the employee.
    d) Committed, paid and adjusted remuneration.
    e) Severance pay and guaranteed variable remuneration in connection with new hires, specifying the number of persons paid severance pay or guaranteed remuneration.
    f) Committed severance pay, specifying the number of persons covered by such commitments and the highest individual committed severance pay package.

This information shall be provided in a manner that does not risk disclosure of the financial or other circumstances of individuals. Accordingly, it may in some cases be necessary to limit the information above.

Remuneration paid in 2017

Benefits paid to all employees in 2017	**Amount in SEK**	**Number of employees**
Fixed salary	7 584 271	15
Variable remuneration to employees who are included in the number of employees and which have not been classified as special regulated staff	0	0
Total: Fixed salary and number of employees	7 584 271	15
Benefits paid to particular regulated staff 2017		
a) employees in senior strategic positions	2 308 699	2.5
b) employees with responsibility for control functions. Outsourced functions	0	0
c) risk takers	2 827 396	4.75
d) employees whose total compensation is equal to, or greater than, the total remuneration to someone in senior management	0	0