



TUNDRA  FONDER



**Contents**

1. Background ..... 2

2. Scope of the Policy..... 2

3. Fundamental analysis of the risks associated with the Company's remuneration policy and remuneration system ..... 2

    3.1 Fundamental analysis ..... 2

    3.2 Measures for managing conflicts of interest.....3

4. Governance and control..... 4

5. Remuneration structure..... 4

    5.1 Balance between fixed and variable remuneration..... 4

    5.2 Eligibility for variable remuneration, etc. ....5

    5.3 Performance assessment and risk adjustment .....5

    5.4 Deferral..... 6

    5.5 Units in funds managed by the Company..... 6

    5.6 Loss of remuneration .....7

6. Disclosure of information about the remuneration policy, etc. ....7

**Appendix 1 - Identification of identified staff**

**Appendix 2 - Criteria for variable remuneration**



### 1. Background

According to chapter 9, section 3 of Finansinspektionen's regulations regarding alternative investment fund managers (FFFS 2013:10), chapter 3 section 8(a) of Finansinspektionen's regulations regarding Swedish UCITS funds (FFFS 2013:9) and the Swedish Code of Conduct for Fund Management Companies, Tundra Fonder AB ("the Company") shall have a remuneration policy.

The European Securities and Markets Authority (ESMA), has also issued guidelines on remuneration policies according to the AIFM and UCITS V directives. The Company's remuneration policy, its application and the amount paid shall be published not later than the date that the annual reports for the UCITS funds and AIF funds and the annual report for the Company are published. The disclosures shall refer to conditions as of the reporting date.

According to the regulations specified above, the Company shall have a remuneration policy that is in accordance with and promotes sound, effective risk management and counteracts unsound risk-taking. Application of the remuneration policy shall not prevent the Company from fulfilling its duty to act in the interests of 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 investment funds and managed special funds or the investors and contain a list of measures that will be taken to avoid conflicts of interest.

The Company shall also analyse the risks associated with the Company's remuneration policy and remuneration system. The Company shall identify employees whose tasks have material impact on the Company's risk profile.

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

### 2. Scope of the Policy

The Remuneration Policy applies to all employees and contractors of the Company.

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

#### 3.1 Fundamental analysis

The external regulations require the Company to analyse the risks associated with the Company's remuneration policy and remuneration system. Based on that analysis, the Company shall identify identified staff employed by the Company.

Within the framework of the analysis, the Company shall document which employees are considered as included in any of the following categories: employees in strategic management



## Appendix 16 - Remuneration Policy

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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 senior management and shall therefore be classified as members of the Company's identified staff. The documentation shall state the basis for such identification. The analysis shows whether any of the staff categories specified in the regulations can be considered as having material impact on the risk profile of the Company, the managed investment funds, managed special funds or discretionary mandates and shall therefore be classified as members of the Company's identified staff.

It is incumbent upon the Company's chief executive officer to perform the analysis discussed above each year and to present a written basis to the board of directors, according to Appendix 1, which decides which employees shall be classified as identified staff within the Company. If a new employee is hired during the year, the CEO shall ensure that an assessment is carried out to determine whether the new employee shall be classified as identified staff. If there is any uncertainty, the matter shall be referred to the board of directors for decision.

In Appendix 1 to this Remuneration Policy, the board of directors of the Company has adopted an analysis of which employees shall be classified as identified staff.

### **3.2 Measures for managing conflicts of interest**

A system that permits large remuneration to a single employee who has contributed to good performance in the short term but whose decisions could lead to losses for the Company over a longer period may distort the employee's perspective and induce them to disregard the best interests of the company over the long term.

Unsound design of the remuneration system and payments of variable remuneration may also have negative impact on the Company's liquidity and consequently prevent the Company from meeting regulatory requirements.

In consideration of the foregoing, it is imperative that a company ascertains that its remuneration policy and remuneration system are compatible with and promote sound and effective risk management. Identifying and reporting the measures that will be taken to avoid conflicts of interest is one component of that work. The measures that the Company will take are reported below.

Individuals involved in fund management or who perform other services who, if the remuneration system is poorly designed, could potentially take unsound risk or violate the fund rules and the Company's internal rules in order to increase their own level of remuneration in the short term. Fund assets could also be valued at an amount above the market price in order to increase the charges that the Company deducts.

The potential conflict of interest is managed through the Company having established internal control functions tasked with monitoring that fund management proceeds in accordance with fund rules, etc. In addition, the funds are valued by an independent valuer.

The Company has moreover identified that its interest is to generate profits for its owners, while the interest of clients is to obtain the best possible return on their invested capital in relation to the risk level, and at the lowest possible cost. As a result, the incentives of clients and decision-makers in the Company may not coincide and the Company or individuals within the Company may take risk with client assets to enrich themselves and earn more on an upturn than they lose on a downturn. With a view to equalising the interests of the parties, charges shall be clear. Expected risk and investment limits are specified and may not be exceeded.



For more information, see the Company's guidelines for managing conflicts of interest

### 4. Governance and control

Fixed and variable remuneration to identified staff is decided by the board of directors and fixed and variable remuneration to employees not classified as identified staff is decided by the CEO.

In connection with preparing matters for board decision, the long-term interests of unitholders, other stakeholders and the public shall be considered.

At least once a year, the Company's Compliance function shall review whether the Company's remuneration system is consistent with the Remuneration Policy. Compliance shall report the results of the review to the board of directors no later than in conjunction with the annual report.

If a decision would entail a conflict of interest for an employee or a director, that person shall refrain from participating in the decision. This may, for example, apply to decisions on the person's own remuneration or decisions on business transactions where it has been determined that a conflict of interest exists.

### 5. Remuneration structure

#### 5.1 Balance between fixed and variable remuneration

Any remuneration models applied by the Company shall have an appropriate balance between fixed and variable components. Guaranteed variable remuneration is permitted only in exceptional cases and only in connection with the hiring of new staff. Such guaranteed variable remuneration shall be limited to the first year of employment.

The fixed components shall represent a sufficiently large portion of the employee's total remuneration that the variable components can be set to zero. In its Remuneration Policy, the Company shall specify the maximum ratio of the variable components to the fixed components for all categories of staff eligible for variable remuneration. The Company has determined the maximum ratio of such remuneration as double the fixed component. Only the board of directors may decide to permit departures from this principle.

The Company allocates funds to variable remuneration in the financial years when profit before tax is generated. The allocation is equal to 20 percent of the Company's profit before tax. If profit before tax is less than SEK 300,000, payment of variable remuneration is delayed until future years. The board of directors of the Company decides what portion of the allocation will be distributed to senior management. Senior management is defined as the chief executive officer (CEO) and deputy chief executive officer (DCEO). The CEO of the Company thereafter distributes the remainder of the allocation among all other employees. This remuneration model ensures that individual employee performance and the Company's financial performance are considered.

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

The Company does not distribute discretionary pension benefits.



### 5.2 Eligibility for variable remuneration, etc.

All employees are eligible for variable remuneration.

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

If remuneration in addition to contractually agreed pay and accrued annual leave pay is paid to an employee in conjunction with the termination of employment, such remuneration may only be decided by the CEO, following consultation with the Company's Compliance function. Such remuneration shall reflect the employee's performance during the period of employment and be designed in such a manner as not to reward unsound risk-taking.

### 5.3 Performance assessment and risk adjustment

According to the regulations mentioned above, the financial and non-financial criteria upon which the Company bases its decisions on remuneration to identified staff shall be specified and documented and the documentation appended to the minutes of the board meeting at which the decision on variable remuneration was taken.

The regulations state the following: The company's performance assessment used to calculate variable remuneration shall primarily be based on risk-adjusted profit measures. Both current and future risks shall be taken into account.

If a company 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 company's performance assessment shall be based on a multi-year perspective that has been adapted to the life cycle of the investment funds and alternative 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 investment funds and alternative investment funds are considered when paying variable remuneration.

A company shall base the variable remuneration to identified staff on the employee's performance, on the performance and risks of the affected business unit, investment fund or alternative investment fund performance and risks, and on the company's total performance. Both financial and non-financial criteria shall be taken into account in the assessment of employee performance.

The Company has defined the criteria for variable remuneration in [Appendix 2](#) to this Remuneration Policy.

In connection with its preparation of such board decisions on remuneration and measures referred to above in section 4, it is incumbent upon the board of directors to examine the proposed variable remuneration against the financial and, where applicable, non-financial criteria upon which the board's decision on remuneration shall be based (Appendix 2).

In connection with decisions on remuneration to employees 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 upon which the board's decision on remuneration, as set forth in the preceding paragraph, shall be based.

According to chapter 8, section 23(a) of the Swedish Companies Act (2005:551) decisions concerning remuneration for board service are the purview of the general meeting.





### 5.4 Deferral

#### *Identified staff*

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

As regards identified staff, at least 40 percent of the distribution or transfer of the variable remuneration shall be deferred for up to five years before it is paid or the right of ownership of fund units, in accordance with the section below, is transferred to the employee.

If a person classified as identified staff receives variable remuneration that is particularly high, 60 percent of the variable remuneration shall be deferred instead for up to five years before it is paid or the right of ownership of fund units, in accordance with the section below, is transferred to the employee.<sup>1</sup>

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

Where applicable, the Company shall ensure by means of written agreement with the employee that the employee undertakes not to use personal risk-hedging strategies or insurances to mitigate or eliminate the effects of an adjusted or cancelled deferred remuneration.

#### *Other employees*

As regards employees not classified as identified staff, payment of variable remuneration that has been decided does not have to be deferred. In addition, there is no requirement that any part of the remuneration shall consist of units in a fund managed by the Company. However, the chief executive officer shall have the authority to decide, with regard to one or more employees, to defer remuneration in the same way as for identified staff if the chief executive officer deems this necessary to achieve a long-term perspective on risk.

### 5.5 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. "Comparable instruments" means instruments that put the holder in a position comparable to that of an owner and achieves a common interest among the employee, the Company, the funds and investors. If an employee performs tasks for more than one fund, units shall be allocated pro rata among the various funds.

The first paragraph of this section shall be applied to both deferred and non-deferred variable remuneration.

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<sup>1</sup> "Particularly high" variable remuneration refers to amounts that appear to be unusually high in relation to other remuneration paid by the company, the levels of remuneration that have historically been the norm in the company, and circumstances otherwise.



## Appendix 16 - Remuneration Policy

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

### 5.6 Loss of remuneration

By means of a 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 fund in question, the discretionary mandate and the employee. 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 in its annual report and on its website the following information about the Remuneration Policy and remuneration paid by the Company:

1. Information about how the Remuneration Policy was decided and the risk analysis upon which the design of the Remuneration Policy was based and, where such exists, the composition and authority of the remuneration committee, the particulars of external consultants engaged to prepare the Remuneration Policy and the roles of relevant stakeholders.
2. Information about the correlation between performance and remuneration.
3. Information about how the main elements of the remuneration system were designed, including the criteria for performance assessment and risk adjustment for deferred remuneration and for when the right of ownership to deferred remuneration is transferred to the employee.
4. Information about the performance criteria used as the basis for remuneration in the form of shares, equity related instruments, financial instruments or other variable remuneration components.
5. The main parameters and justifications for the variable remuneration system and other non-cash benefits.
6. The total recognised costs of remuneration itemised by business area or equivalent profit centres.
7. Remuneration paid to Contractors
8. The total recognised costs of remuneration itemised among the categories of senior management, other employees who can affect the company'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 among cash, shares, equity related instruments, other financial instruments and other variable components.
  - c) Deferred remuneration, specifying the portion of the remuneration over which employees cannot exercise control.





## Appendix 16 - Remuneration Policy

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- d) Committed and paid remuneration and adjusted remuneration.
- e) Severance pay and guaranteed variable remuneration in connection with the hiring of new employees, specifying the number of individuals who have been paid severance pay or guaranteed remuneration.
- f) Committed severance pay, specifying the number of individuals covered by such commitments and the highest individual committed severance pay.

The information shall be presented in a manner that does not risk disclosure of the financial or other circumstances of individuals; consequently, the information above may need to be limited in certain cases.

In accordance with chapter 31 section 48(a) Finansinspektionen's regulations (FFFS 2013:9) regarding Swedish UCITS, the annual reports for the funds shall also contain information on:

1. The number of employees who were paid fixed or variable remuneration during the financial year.
2. The aggregate remuneration paid to identified staff during the financial year, itemised among the categories specified in chapter 1 section 9, subsection 30 FFFS 2013:9, which refers to senior management and employees in the following staff categories not exempted under chapter 8 a section 5 FFFS 2013:9:
  - a) employees in strategic management positions
  - b) employees responsible for control functions
  - c) risk-takers
  - d) employees whose total remuneration is equal to or exceeds the total remuneration paid to any member of senior management.
3. How remuneration and benefits to employees were calculated.



## Appendix 16 - Remuneration Policy

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### APPENDIX 1 - Identification of identified staff as of 2019-09-25

#### Background

As an aspect of the Company's Remuneration Policy, risk-takers among the Company's employees are identified annually or more frequently if considered necessary. All of the employees who work in the functions identified in the Company's risk analysis are considered risk-takers.

#### Risk-takers

All of the Company's fund managers and advisors can be considered risk-takers because they have material influence on portfolio design and execution of trades in financial instruments.

These employees are:

- Mattias Martinsson, portfolio manager, Chief Investment Officer and Deputy CEO
- Shamoan Tariq, portfolio manager
- Mathias Althoff, portfolio manager
- Duc Nguyen, advisor

#### Strategic management positions and senior management

Employees in strategic management positions are those who, in addition to senior management, manage and are responsible for the day-to-day operations of the fund management company.

- Chief Investment Officer: Mattias Martinsson
- Chief Executive Officer: Antonia Gibson
- Deputy Chief Executive Officer: Mattias Martinsson
- Chief Operating Officer: Simon Norenus

#### Control functions

The Company's control functions are performed by external companies through delegation agreements. Remuneration to the employees of these functions is not based on the Company's management performance, profits or other commercial success. The Company has therefore determined that there are no relevant risk-takers within the control functions.



### APPENDIX 2 - Criteria for variable remuneration

#### Background

The performance assessment used as the basis for variable remuneration is based on predetermined financial and non-financial criteria. All risks associated with the Company's operations shall be considered when remuneration is determined.

#### Chief Executive Officer

- Profitability and growth in all of the Company's business areas. The risk to which decisions taken by the CEO exposed the Company shall be considered. Profitability and growth shall be assessed from a multi-year perspective and the CEO's decisions shall be assessed as having added long-term strategic value to the Company.
- The extent to which the employee contributes to a good working environment.

#### Chief Investment Officer and Deputy Chief Executive Officer

- Profitability and growth in all of the Company's business areas. The risk to which decisions taken by the DCEO exposed the Company shall be considered. Profitability and growth shall be assessed from a multi-year perspective and the DCEO's decisions shall be assessed as having added long-term strategic value to the Company.
- Returns relative to the relevant benchmark index for all of the Company's funds. The level of risk at which the funds are managed, compliance with investment restrictions set forth in fund rules and fund returns relative to the returns of comparable funds managed by other fund management companies shall be taken into consideration. The assessment shall be based on the current year and the past five years.
- Returns relative to the relevant benchmark index for the funds and mandates in which the CIO is actively involved in managing. The level of profit for these funds and mandates relative to the Company's other operations shall be considered. The level of risk at which the funds or mandates are managed and compliance with investment restrictions set forth in fund rules or investment strategies (mandate descriptions) shall be taken into account. The assessment shall be based on the current year and the past five years.
- How actively the employee participates in sales efforts.
- How actively the employee participates in the development of the Company's processes and products.
- The extent to which the employee contributes to a good working environment.



## Appendix 16 - Remuneration Policy

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### Chief Operating Officer

- How well the employee has contributed to that the Company is complying with laws, regulations and good practice.
- Contribute to the management's work on strategic matters.
- Satisfactorily performs the duties as Chief Operating Officer and responsible for complaints.
- How well the employee has performed her tasks. Workload, the complexity of tasks and the importance of the tasks to the Company's profitability and compliance shall be taken into account.
- How actively the employee participates in the development of the **Company's** processes regarding economics, compliance and staff related questions and that they are pursued.
- The extent to which the employee contributes to a good working environment.

### Portfolio managers and advisors (Advisors and Senior Advisors)

- Returns relative to the relevant benchmark index for the funds and mandates the employee is involved in managing. The level of risk at which the fund or mandate is managed, compliance with investment restrictions set forth in fund rules or investment strategies (mandate descriptions) and fund returns relative to the returns of comparable funds managed by other fund management companies shall be considered. If the Company's Chief Investment Officer has ultimate responsibility for a fund, and not the Portfolio manager, the investment ideas that the portfolio manager has generated shall be considered. The level of profit for these funds and mandates relative to the Company's other operations shall be considered. The assessment shall be based on the current year and the past five years.
- How actively the employee participates in sales efforts.
- How actively the employee participates in the development of the Company's processes and products.
- The extent to which the employee contributes to a good working environment.

### Other employees

- How well the employee has performed their tasks. Workload, the complexity of tasks and the importance of the tasks to the Company's profitability and compliance shall be taken into account.
- How actively the employee participates in the development of the Company's processes.
- The extent to which the employee contributes to a good working environment.