
Bluestep Bank AB

Remuneration policy

Version: 4.6
Effective: 23rd of April 2024

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1. Policy Details

This policy regarding remuneration has been adopted by the Board of Directors (the "Board") of Bluestep Bank AB (publ) ("BBAB") in accordance with the Swedish Financial Supervisory Authority (the "SFSA") Regulations regarding remuneration structures in credit institutions (FFFS 2011:1)¹ and the Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*) and shall apply to BBAB to support efficient risk management and discourage excessive risk-taking. When adopting this Policy, the SFSA Regulations and General Guidelines (FFFS 2014:1) regarding Governance, Risk Management and Control in Credit institutions, the European Commission's delegated regulation (EU) No. 2021/923 of 25 March 2021 and the European Banking Authority ("EBA") Guidelines (EBA/GL/2021/04) on sound remuneration policies under Directive 2013/36/EU (the "Guidelines") has also been considered.

1.1. Policy name

This is the Remuneration Policy, version 4.6, the "Policy".

1.2. Commencement

This Policy commences on the 23rd of April 2024.

1.3. Governance and legislation

As set out above, this Policy is in accordance with the requirements in FFFS 2011:1 and the Banking and Financing Business Act. The rules and procedures set out in this Policy apply to all of BBAB's employees and activities in Sweden, Norway and in Finland, and consequently, this Policy will be published on BBAB's intranet.

1.4. Revisions and controls

Version	Prepared by	Approved by the Board
1.0	Christian Jonsson	29 th of April 2010
1.1	Christian Jonsson	29 th of October 2010

¹ Including amendments made through FFFS 2021:17, hereinafter jointly referred to as FFFS 2011:1

2.0	Christian Jonsson	17 th of February 2011
2.1	Christian Jonsson	22 nd of March 2011
2.2	Christian Jonsson	24 th of November 2011
2.3	Christian Jonsson	2 nd of March 2012
2.4	Christian Jonsson	21 st of September 2012
2.5	Christian Jonsson	18 th of March 2014
2.6	Christian Jonsson	21 st of March 2014
3.0	Christian Jonsson	22 nd of August 2014
3.1	Christian Jonsson	9 th of March 2015
3.2	Christian Jonsson	31 st of March 2016
3.3	Christian Jonsson	17 th of March 2017
3.4	Christian Jonsson	25 th of January 2018
3.5	Christian Jonsson	27 th of April 2018
3.6	Karin Jenner and Christian Marker	29 th of March 2019
3.7	Karin Jenner and Christian Marker	17 th of June 2019
3.8	Karin Jenner and Christian Marker	18 th of December 2019
3.9	Karin Jenner and Christian Marker	19 th of March 2020
4.0	Karin Jenner and Christian Marker	17 th of June 2020
4.1	Karin Jenner and Christian Marker	26 th of January 2021
4.2	Karin Jenner and Christian Marker	22 nd of March 2021
4.3	Karin Jenner and Christian Marker	25 th January 2022
4.4	Karin Jenner and Christian Marker	22 nd March 2022

4.5	Caroline Redare and Christian Marker	25 th April 2023
4.6	Caroline Redare and Christian Marker	22 nd April 2024

2. General

BBAB has a clear Policy, instructions and processes, which secures sound remuneration structures within the business. This Policy is in agreement with and promotes an effective risk management, thus preventing excessive risk-taking and takes into account the size and nature, scope and complexity of BBAB's operation in accordance with the proportionality principle stated in FFFS 2011:1 and the fact that BBAB is not a Significant Company (Sw. *ett företag som är betydande i fråga om storlek, intern organisation och verksamhetens art, omfattning och komplexitet*) nor a Large Institution² (Sw. *stort institut* cf. Chapter 1 Section 2a para 1 FFFS 2011:1) but instead a small and non-complex institution (cf. Chapter 1 Section 2a para 2 FFFS 2011:1).

Furthermore, the Policy is designed to ensure (i) that conflicts of interest are avoided, (ii) that remuneration is aligned with BBAB's strategy, goals and values and (iii) that remuneration to individual employees does not counteract BBAB's long-term interest. BBAB believes in and promotes a sound and dynamic culture as a means for achieving long-term success and encourage performance, equality, the right behaviour and balanced risk taking in line with shareholders' expectations.

Additionally, as detailed in the document Risk Analysis of Remuneration Structure and Remuneration Policy, the Policy is based on a risk analysis in accordance with FFFS 2011:1. Before taking any decision relating to the remuneration system, or significant changes to this, a risk analysis will be conducted with respect to how the remuneration system affects the risks that BBAB is exposed to and how these risks are managed.

² As defined in Article 4.1.146 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Finally, the Policy will support BBAB's ability to attract, develop and retain highly motivated, skilled and performance-oriented employees and the Policy will ensure that remuneration to individuals are based on gender neutral factors.

3. Governance

The Board resolves the Policy and sees to that it is applied and followed. The Board will elect a Remuneration Committee (the "Committee") to oversee the Policy and that it is implemented, followed-up and based on an analysis of the risk it could be associated with.

The Committee elected by the Board shall consist of not less than two members where all members shall be non-executive directors.

The Committee shall, based on the input from the Chief Executive Officer (the "CEO"), assist the Board by preparing proposals on remuneration and, to avoid any conflict of interest, the Committee will recommend compensation levels for identified staff whose professional activities have a material impact on BBAB's risk profile (Identified staff, "IDS") (Sw: "Anställda vars arbetsuppgifter har en väsentlig inverkan på företagets riskprofil") in the business and the CEO will recommend compensation levels for all non-IDS. The Committee shall also monitor and evaluate on a regular basis the structure and levels of remuneration for IDS.

The Committee shall during the period between two consecutive annual general meetings hold at least one (1) meeting. Minutes shall be kept at the meetings and the Chairman shall check the minutes.

A control function shall when appropriate, and at least annually, review and see to that BBAB's remunerations comply with the Policy. The control function shall immediately report the result of its review to the Board at least annually and no later than in conjunction with the adoption of the annual accounts. To avoid any conflict of interest, the control function will consist of BBAB's internal auditors.

4. Remuneration structure

The remuneration components are used to achieve an adequate total remuneration for the work performed. BBAB's risk analysis has acknowledged the importance of paying the required compensation to get the appropriately qualified, experienced, capable and motivated staff. It has also acknowledged the importance to assess the value of the individual to the business based on previous performance within the business or externally and the availability of similarly calibre staff within the group or available externally. The total remuneration shall reflect the complexity, responsibility and leadership skills required in the position as well as the performance of the employee.

BBAB's remuneration structure is based upon these major components:

4.1. Fixed remuneration

The determination of whether a remuneration component is fixed or variable will be made in accordance with the Guidelines. Accordingly, fixed remuneration is based on pre-determined criteria, non-discretionary, transparent, permanent, generally non-revocable and cannot be reduced or cancelled by BBAB. Further, fixed remuneration may not provide incentives for risk assumptions.

Fixed remuneration is non-discriminatory, reflecting each employee's professional experience and organisational responsibility, taking into account the level of education, the degree of seniority, the level of expertise and skills and job experience, the relevant business activity and relevant market conditions.

- **Base Salary** (Sw. *grundlön*) compensates employees for full satisfactory performance. The Base Salary is based on three cornerstones: job complexity and responsibility, performance and market conditions.
- **Allowance** (Sw. *lönetillägg*) is a form of fixed remuneration, however; to allocate an Allowance to the fixed remuneration component BBAB should document the results of the assessments conducted pursuant to point 136 of the Guidelines. Allowances may be used to compensate employees for additional work tasks, organisational responsibilities and/or roles undertaken or assumed by employees in addition to their regular work tasks, responsibilities and/or roles during projects

or other time limited assignments. Allowances must not be linked to any other performance than the fulfilment of the relevant employee's additional work task(s), organisational responsibility(-ies) and/or role(s) nor otherwise incentivise risk taking. Further, employees fulfilling the same role or having the same organisational responsibility and who are in a comparable situation (Sw. *jämförbar situation*) should be offered a comparable Allowance. An Allowance must not be used to circumvent applicable remuneration regulations.

- **Pension and Insurance schemes** aim at ensuring employees an appropriate standard of living after retirement as well as personal insurance during employment. BBAB offers employees to participate in defined contribution pension schemes and BBAB also supplies its employees with certain insurance coverage in accordance with local laws and market practise.
- **Parental Pay** aims at ensuring employees an appropriate standard of living during parental leave and is also an important cornerstone in BBAB's gender equality work.
- **Other benefits** are granted as a means to stimulate performance and well-being. Benefits are either individually agreed or based on local laws and BBAB's from time to time applicable policies (such as wellness allowance and lunch contributions)

4.2. Variable remuneration

Fixed remuneration represents a sufficiently high proportion of total remuneration allowing BBAB not to pay any variable remuneration. However, in certain circumstances BBAB deems it to be warranted to use variable remuneration and BBAB may therefore offer the variable remuneration components set out below.

- **Severance Pay** may be paid in connection with early termination of an employment, and (where applicable) in order to avoid potential or actual labour disputes or to enforce a non-compete restriction. Any severance pay will be in accordance with applicable employment laws and reflect performance achieved over time and not reward excessive risk-taking, failure or misconduct
- **Retention Incentives** may be implemented by the Committee in connection with specific events and for pre-defined periods to ensure the retention of employees of

crucial importance to BBAB. A Retention Incentive is awarded subject to the achievement and fulfilment of the retention condition(s) and additional predetermined financial as well as non-financial performance targets, which should lead to the retention objective. Any Retention Incentive is subject to forfeiture as specified by the Committee and may therefore be set to zero. Any Retention Incentive amount is inclusive of vacation cash compensation of 12 per cent.

5. Identified staff (“IDS”)

BBAB shall define employees, whose actions have a material impact on the risk exposure of the company (IDS). As IDS, BBAB has defined all positions that have a mandate to expose the company to significant risk, or have a material influence on decisions which can lead to significant risk exposures for the company, which currently are the following:

- All Directors of the Board

- Senior Management (the “SM”)
 - o The Chief Executive Officer (the “CEO”)
 - o The Chief Commercial Officer (the “CCO”)
 - o The Chief Legal Officer (the “CLO”)
 - o The Chief Information Officer (the “CIO”)
 - o The Chief Human Resource Officer (the “CHRO”)
 - o The Chief Customer Acquisition Officer (the “CCAO”)
 - o The Chief Financial Officer (the “CFO”)
 - o The Chief Data Officer (the “CDO”)

- Management
 - o The Chief Risk Officer (the “CRO”)
 - o The Head of Compliance (the “HoC”)
 - o The Head of Credit and Collection (the “HoC”)
 - o The Head of Business Control (the “HoBC”)
 - o The Head of Treasury (the “HoTR”)
 - o The Head of Finance (the “HoF”)
 - o The Head of Product and Business Transformation (the “HoPM”)

- The Head of System Development (the “HoSD”)
- The Chief Information Security Officer (the “CISO”)

- Management/Employees
 - Member(s) of the Nordic Credit Committee (the “NCC”)
 - Member(s) of the New Product Approval Process Committee (the “NPAP”)

6. Disclosure of information in accordance with FFFS 2014:12 and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (“CRR”)

An account of BBAB’s remuneration shall be disclosed in conjunction with the adoption of the annual report. The account will be presented as part of the Risk Management and Capital Adequacy (Pillar III) Report that will be published on BBAB’s website. The following information shall be disclosed in the document:

1. the decision-making process for determining the remuneration policy as well as the number of meetings held by the Committee, which oversees remuneration, during the financial year, including, if applicable, information about the composition and mandate of the Committee, information in regards of external consultants engaged in designing the Policy, and the role of relevant stakeholders,
2. information on link between pay and performance;
3. the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
4. the ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU;
5. aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following:

- (i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;
 - (ii) the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types;
 - (iii) the amounts of outstanding deferred remuneration, split into vested and unvested portions;
 - (iv) the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;
 - (v) new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;
 - (vi) the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;
6. the number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million.

When disclosing the information above, BBAB will, as applicable, adhere to part 8 of Regulation (EU) No 575/2013 as well as article 17 of the Commission Implementing Regulation (EU) 2021/638 of 15 March 2021 including the appendices XXXIII and XXXIV.

The information set out above should be published in such a manner that the economic conditions for individuals are not revealed.