
Bluestep Bank AB

Remuneration policy

Version: 4.2
Effective: 23rd of March 2021

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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 and General Guidelines governing remuneration policies in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio administration (FFFS 2011:1)¹ and the Banking and Financing Business Act (2004:297) 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 and the Commission's delegated regulation (EU) No 604/2014 of 4 March 2014 has also been considered.

1.1. Policy name

This is the Remuneration Policy, version 4.2, the "Policy".

1.2. Commencement

This Policy commences on the 23rd of March 2021.

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.

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

¹ Including amendments made through FFFS 2014:22 and FFFS 2020:30, hereinafter jointly referred to as FFFS 2011:1

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*).

Furthermore, the Policy is designed to ensure 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.

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 Remuneration

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

Code Staff (“RCS”) (Sw: “Anställda vars arbetsuppgifter har en väsentlig inverkan på företagets riskprofil”) in the business and the CEO will recommend compensation levels for all non-RCS. The Committee shall also monitor and evaluate on a regular basis the structure and levels of remuneration for RCS.

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

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

- **Fixed Salary** is compensating employees for full satisfactory performance. The individual salary is based on three cornerstones: job complexity and responsibility, performance and market conditions.
- **Pension and Insurance schemes** are aiming at ensuring employees an appropriate standard of living after retirement as well as personal insurance during employment.
- **Parental pay** is aiming at ensuring employees an appropriate standard of living during parental leave and is also an important cornerstone in BBAB’s gender equality work.

The 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.

5. Remuneration Code Staff (“RCS”)

BBAB shall define employees, whose actions can have a material impact on the risk exposure of the company (RCS). As RCS, 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.

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 investment firms and amending Regulation (EU) No 648/2012

An account of BBAB’s remuneration shall be disclosed in conjunction with the adoption of the annual report. The account will be presented as a separate document on the BBAB website with reference to the document stated in the annual report. The following information shall be disclosed in the document:

1. the decision-making process for determining the remuneration policy and the risk analysis forming the basis for the design of the remuneration policy, including, if applicable, information about the composition and mandate of the Committee, the number of meetings held by the Committee during the financial year, 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. information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
6. the main parameters and rationale for any variable component scheme and any other non-cash benefits;
7. aggregate quantitative information on remuneration, broken down by business area;
8. 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;
9. 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.

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