

Remuneration Policy

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1. Introduction

According to Chapter 3, Section 22 and Chapter 9, Section 3 of the Swedish Financial Supervisory Authority's regulations on AIF managers (FFFS 2013:10), ISEC Services AB ("the Company") must have a documented remuneration policy that promotes sound and effective risk management and prevents excessive risk-taking.

Article 5 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector states that the Company must promote sound and effective risk management regarding the integration of sustainability risks. The remuneration structure must not encourage excessive risk-taking and must be linked to risk-adjusted performance. The policy must be regularly reviewed and made available on the Company's website.

The policy should be appropriate considering the Company's size, internal organization, and the nature, scope, and complexity of its activities. It must align with the business strategy, objectives, values, and long-term interests of the manager and the managed AIFs or their investors, and include measures to avoid conflicts of interest.

The Company must analyze the risks associated with its remuneration policy and system and identify regulated staff accordingly.

This policy ensures compliance with the aforementioned regulations and considers ESMA guidelines published in July 2013.

Against this background, the Company has adopted this remuneration policy.

2. Definitions

In this policy, the following terms and definitions shall have the following meanings:

Employees in leading strategic positions: Employees who, beyond executive management, lead and are responsible for daily operations.

Discretionary Pension Benefit: A pension benefit granted individually as part of variable remuneration. This does not include accrued benefits that employees have earned under the terms of the manager's pension scheme.

Remuneration: All remuneration and benefits from the Company, as well as any amounts paid directly by the fund (including carried interest) to an employee. Remuneration and benefits from the Company include, for example, salary and other cash compensation, compensation in the form of units or shares in a UCITS or an alternative investment fund, or an instrument that achieves equivalent alignment of interest as units or shares in an alternative investment fund, pension contributions, severance pay, or company car benefits.

Control function: The Company's risk management, compliance, and internal audit functions.

Risk taker: Employees who can significantly influence the risk profile of the Company or managed AIFs; this typically refers to employees who can enter into agreements or take positions on behalf of the AIF manager or a managed alternative investment fund, or otherwise influence the manager or the risk profile of the managed fund.

Regulated staff: Executive management and employees in the following personnel categories identified by the Company as regulated staff:

- a) employees in leading strategic positions,
- b) employees responsible for control functions,
- c) risk takers, and
- d) employees whose total remuneration equals or exceeds the total remuneration of any member of the executive management.

Variable remuneration: Remuneration that is not predetermined in amount or size. Commission-based salary that is not linked to future risk commitments which may affect the Company's or an alternative investment fund's income statement or balance sheet is not considered variable remuneration.

Executive management: The CEO and their deputy, as well as other individuals in the company's management team or similar bodies who are directly accountable to the board of directors or the CEO.

3. Target group of the Policy

The remuneration policy applies to all employees at the Company.

4. Fundamental analysis of the remuneration policy and system

4.1. Fundamental analysis

According to the applicable regulations, the Company must analyze the risks associated with its remuneration policy and remuneration system. Based on this analysis, the Company shall identify regulated staff.

As part of the analysis, the Company must document and specifically justify whether employees in leading strategic positions, employees responsible for control functions, risk takers, and employees whose total remuneration equals or exceeds that of any member of the executive management are not deemed to materially influence the risk profile of the Company or the managed alternative investment funds, and therefore should not be considered regulated staff.

The Company's CEO is responsible of conducting the above-mentioned analysis annually and present a written report to the board, which decides which individuals shall be classified as regulated staff within the Company. In the event of new hires during the year, the CEO must ensure that an assessment is

made to determine whether the new employee should be included among regulated staff, and in uncertain cases, refer the matter to the board for decision.

The remuneration policy shall support the Company's business strategy, long-term growth, and sustainability without encouraging excessive risk-taking. This is ensured by offering market-based remuneration to attract and retain competent employees. Remuneration levels are regularly benchmarked against other companies operating in the same markets. Any variable remuneration shall be designed with a long-term perspective, aligned with the Company's business strategy and long-term objectives.

4.2. Measures to avoid conflicts of interest

A system that provides significant remuneration to an individual employee based on short-term performance, while their decisions may lead to long-term losses for the company, can distort employee perspective and cause them to disregard the Company's long-term interests. Poorly designed remuneration systems and payments of variable compensation may also negatively affect the Company's liquidity and result in non-compliance with regulatory requirements.

Against this background, it is important that a company ensures that its remuneration policy and system are consistent with and promote sound and effective risk management, including the integration of sustainability risks. An important part of this effort is to identify and disclose the measures taken to avoid conflicts of interest. The measures adopted by the Company are outlined below.

Individuals involved in portfolio management or other services could, under a poorly designed remuneration system, take excessive risks or violate fund rules and internal policies to increase their own compensation in the short term. Furthermore, fund assets could be overvalued above market price to increase the fund company's fee income.

This potential conflict of interest is managed by the Company through the adoption of this remuneration policy, which clearly regulates when and how remuneration is to be paid. Additionally, an independent valuation of the funds managed by the Company is conducted.

The Company has also identified that its interest lies in generating profit for its owners, while the client's interest is to achieve the best possible return on invested capital relative to risk level and at the lowest possible cost. This may result in misaligned incentives between the client and decision-makers within the Company, where the Company or individuals may take risks with client assets for personal gain, benefiting more from an upswing than they lose in a downturn. To align the interests of both parties, fees must be transparent. Expected risk and investment restrictions are specified and must not be exceeded.

5. Governance and control

The board of directors shall decide on remuneration for regulated staff. This includes both fixed and variable remuneration.

The CEO, or the person to whom the CEO has delegated responsibility, shall decide on remuneration for staff who are not part of the regulated staff group.

Given the Company's size, the size of the funds managed by the Company, its internal organization, and the nature, scope, and complexity of its operations, the Company has determined that there is no need to establish a separate remuneration committee. Therefore, it is the responsibility of the board to make decisions regarding remuneration and related measures as outlined above. The Company has appointed the internal audit function to serve as an independent control function with respect to the remuneration policy and remuneration system.

Internal audit shall, at least annually, review whether the Company's remuneration system complies with the remuneration policy and, in connection with the approval of the annual report, report the results of the review to the board. Any deviations from this remuneration policy shall be reported to the board without delay.

If employees in control functions receive variable remuneration, the board and the CEO must ensure that such remuneration is determined based on objectives related to the control function, independent of the performance of the business areas they oversee.

6. Structure of remuneration

6.1. Balance between fixed and variable remuneration

Remuneration models used by the Company shall maintain an appropriate balance between fixed and variable components. Guaranteed variable remuneration shall only be granted in exceptional cases and only in connection with new hires. Such remuneration shall be limited to the first year of employment.

The fixed component must constitute a sufficiently large portion of the employee's total remuneration to allow the variable component to be set to zero. The Company shall specify in its remuneration policy the maximum proportion that variable remuneration may constitute in relation to fixed remuneration for all categories of employees eligible for variable pay. The Company has determined that such remuneration shall under no circumstances exceed an amount equivalent to six months' salary. Exceptions to this principle may only be approved by the board of directors.

6.2. Eligibility for variable remuneration

All employees shall be eligible for variable remuneration through a profit-sharing program adopted within the group.

In addition to the above, employees not working in control functions may receive a bonus for extraordinary performance. Such bonuses shall not constitute a significant portion of the fixed remuneration, and the total amount of such bonuses for a single year shall never exceed SEK 100,000 per employee. In applicable cases, the bonus shall be proposed by the CEO and approved jointly by two board members.

A fundamental condition for variable remuneration to be paid is that the group reports a positive result before depreciation (EBITDA). Variable remuneration shall include social security contributions, and shall not be pensionable or accrue vacation pay.

Commission-based salary that is not linked to future risk commitments which may affect the company's income statement or balance sheet is not considered variable remuneration.

Variable remuneration shall not include discretionary pension benefits.

If remuneration beyond contractual salary and accrued vacation pay is paid to an employee upon termination of employment, such remuneration may only be decided by the CEO and must be approved jointly by two board members. Such remuneration shall be proportionate to the employee's performance during the employment period and calculated so that it does not reward unsound risk-taking.

6.3. Performance assessment and risk adjustment

According to the Swedish Financial Supervisory Authority's regulations, the financial and non-financial criteria used by the Company as the basis for decisions on remuneration to regulated staff must be specified and documented, and attached to the board minutes where the decision on variable remuneration is made.

The regulations state that the Company's assessment of performance, which forms the basis for calculating variable remuneration, shall be based on risk-adjusted profit measures. Both current and future risks must be considered.

Subjective assessments must be well-balanced and documented.

Performance assessment shall be conducted over a multi-year perspective, adapted to the lifecycle of the alternative investment funds managed. This ensures that the assessment is based on long-term sustainable results and that the Company's underlying business cycle, as well as the redemption policy and investment risks, including sustainability risks, of the managed alternative investment funds, are considered when variable remuneration is paid.

Variable remuneration to regulated staff shall be based on the employee's performance, the performance of the relevant business unit or alternative investment fund, and the overall performance of the group. Both financial and non-financial criteria shall be considered in the assessment of the employee's performance.

When preparing board decisions on remuneration and related measures as outlined in section 6, the financial and, where applicable, non-financial criteria forming the basis for the decision shall be specified.

It is the responsibility of the CEO, or the person to whom the CEO has delegated responsibility, to consider the financial and, where applicable, non-financial criteria that form the basis for the board's

decision on remuneration when deciding on remuneration for staff not included in the regulated staff group.

6.4. Deferral

Regulated staff

To ensure a long-term risk perspective, the following shall apply to regulated staff:

For regulated staff, 40 percent of the portion of variable remuneration exceeding SEK 100,000 in a given year shall be deferred over three years before it is paid out or ownership of units under section 6.5 is transferred to the employee.

If a regulated staff member receives variable remuneration that is more than twice the average variable remuneration paid to regulated staff, 60 percent of the portion exceeding SEK 100,000 shall be deferred over three years before it is paid out or ownership of units under section 6.5 is transferred to the employee.

The Company shall pay deferred remuneration once per year, evenly distributed over the deferral period (pro rata). The first payment may be made no earlier than one year after the variable remuneration was decided.

Where applicable, the Company shall ensure through a written agreement that the employee undertakes not to use personal hedging strategies or insurance to reduce or eliminate the effects of any adjustment or forfeiture of deferred remuneration.

Other staff

For staff not included in the regulated staff group, payment of approved variable remuneration does not need to be deferred. Nor does the remuneration need to consist of units in a fund managed by the Company. However, the CEO shall have the authority to decide on deferral of remuneration for one or more employees in the same manner as for regulated staff, if deemed necessary to ensure a long-term risk perspective.

6.5. Units in funds managed by the company

Where possible, considering the legal structure of the relevant AIFs and fund rules, the Company shall ensure that at least 50 percent of the variable remuneration to regulated staff consists of units in the alternative investment fund(s) for which the employee performs duties. If duties are performed for more than one fund, the allocation of units shall be made pro rata among the funds. This requirement applies to both deferred and non-deferred variable remuneration. The employee may not dispose of the allocated units for at least one year after ownership of the instruments has been transferred, regardless of whether the variable remuneration has been deferred or not.

6.6. Lapse of remuneration

The Company shall ensure through a written agreement with the employee, that deferred variable remuneration is only paid or transferred to the employee to the extent that it is justifiable based on the Company's financial situation and motivated by the performance of the Company, the relevant business unit, and the employee. The deferred portion of the remuneration may also be forfeited entirely for the same reasons.

7. Disclosure of remuneration policy information

The Company shall publish its annual report on its website and present simplified and clear information about the remuneration policy and the Company's remuneration practices. Upon request, customers shall be provided with the full version of the remuneration policy.

The information shall be disclosed in a manner that does not risk revealing individual employees' financial or other personal circumstances.

8. Decision-making procedure of the document

This guideline is adopted by the board of directors and enters into force on the date of the decision. The guideline shall be reviewed and approved annually or as needed.

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