

## **REMUNERATION PRINCIPLES IN AS SEB VARAHALDUS**

### **Remuneration policy**

The remuneration policy of AS SEB Varahaldus is based on the requirements set out in the relevant legislation.

AS SEB Varahaldus aims at providing its customers world-class service. For that, it is of vital importance to attract, retain, develop and reward the right people. The remuneration policy of AS SEB Varahaldus outlines the principles, which promote result-oriented working culture and efficient risk management to fulfil capital and liquidity requirements.

AS SEB Varahaldus remuneration structure is based on the basic remuneration (fixed monthly pay). In addition, the remuneration structure may include:

- a) variable pay:
  - a. variable pay programme based on profit sharing (AEP – All Employee Programme);
  - b. short-term cash-based incentive (STI);
  - c. one-off bonuses;
- b) employer's pension and other benefits.

Besides variable pay and benefits of SEB Pank Group, the employees may be involved in variable pay programmes offered by Skandinaviska Enskilda Banken AB (publ) in accordance with their terms of the programmes (such as Long-Term Incentive, equity-based, variable pay programmes LTI).

The Supervisory Board of AS SEB Varahaldus approves the remuneration policy, taking account of reasonable balance between fixed and variable pay. Once a year, during the preparatory stage of the policy approval, the Management Board shall review the remuneration policy and upon need, shall make a proposal to amend the policy after consulting the HR and Training division and control functions of SEB Pank Group.

### **Performance measurement and risk management**

Skandinaviska Enskilda Banken AB (publ) has established a group-wide process to evaluate and reflect the performance and behaviour of each employee, in which the establishment and assessment of qualitative and quantitative personal goals have an important role.

### **Purpose and parameters for variable pay**

AS SEB Varahaldus believes in encouraging strong performance, desired behaviours and balanced risk-taking. Variable pay aims to drive and reward performance and behaviour that create short- and long-term shareholder value. It is also an important way to achieve flexible remuneration cost. At SEB Varahaldus, the variable payouts are determined by operational performance as well as risks.

AEP i.e. All Employee Programme is a common SEB Group-wide profit sharing system that encourages a holistic perspective of SEB and has a strong connection to the long-term performance and the interests of shareholders. If payment of the AEP outcome is decided, all employees of SEB Varahaldus shall be entitled to participate in the programme according to AEP Terms and Conditions. Payment of the AEP outcome is

decided by the SEB Group Remuneration Committee, taking into account the resolutions of the shareholders' meeting of Skandinaviska Enskilda Banken AB and the remuneration committee of Skandinaviska Enskilda Banken AB. AEP Terms and Conditions are established each year by countries for the specific financial year by Skandinaviska Enskilda Banken AB. In addition, the employees of AS SEB Varahaldus may be paid short-term variable cash-based compensation (STI), which is based on the individual annual performance and behaviour of the employee as well as of the team/business unit, SEB Pank Group and SEB Group as a whole. Payment of the STI, its extent and conditions shall be decided in each case by the Supervisory Board of AS SEB Varahaldus.

In case of the Management Board members or employees of AS SEB Varahaldus, who have a decision-making authority in connection with mandatory pension fund investments and whose variable pay would partially depend also on their investment decisions in relation to this mandatory pension fund, the STI must be based on the performance of the fund at least over the last three years.

According to law and conditions provided in the agreements with employees, AS SEB Varahaldus can diminish the variable pay subject to payout, terminate the payout of variable pay or demand full or partial return of the variable pay. Foremost in cases, when the overall results of AS SEB Varahaldus or SEB Pank Group have notably deteriorated compared to the previous period. Likewise in cases, when the member of the Management Board or employee does not fulfil the performance criteria anymore or when the allocation of variable pay was based on the data, which appeared to be inaccurate or incorrect to material extent.

### **Further information**

More detailed information on the remuneration principles of the management company can be obtained from the seat of the management company, free of charge. Upon request of a unit holder, the complete description of remuneration principles shall be made available on the paper, free of charge.