

Remuneration Guideline for Rhenman & Partners Asset Management AB

This document has been created in English and Swedish language versions. In case of any discrepancy, the Swedish version prevails.

This Remuneration Guideline ("**Remuneration Guideline**") was adopted by the board of directors of Rhenman & Partners Asset Management AB ("**Rhenman & Partners**") on 11 December and replaces the previous Remuneration Guideline dated 6 September 2024.

The Remuneration Guideline is adopted and reviewed regularly by Rhenman & Partners' board of directors, at least once a year.

The Remuneration Guideline covers all employees of Rhenman & Partners and is applied equally with regard to all Rhenman & Partners employees, regardless of their gender, etc.

1. Background and purpose

The Remuneration Guideline has been prepared in accordance with Swedish Financial Supervisory Authority regulations (FFFS 2017:2) on investment securities and activities ("**Regulations**") and European Banking Authority ("**EBA**") guidelines on sound remuneration policies¹ ("**Guidelines**"), and taking into account Article 27 of the European Commission Delegated Regulation (EU) 2017/565² and the provisions regarding remuneration in the Swedish Securities Market Act.³

The Remuneration Guideline describes the bases and principles for the determination, application and follow-up of remuneration that can be paid within Rhenman & Partners.

The Remuneration Guideline applies with regard to all remuneration to employees of Rhenman & Partners.

The Remuneration Guideline can be supplemented with more detailed guidelines and instructions.

2. Definitions

Identified staff

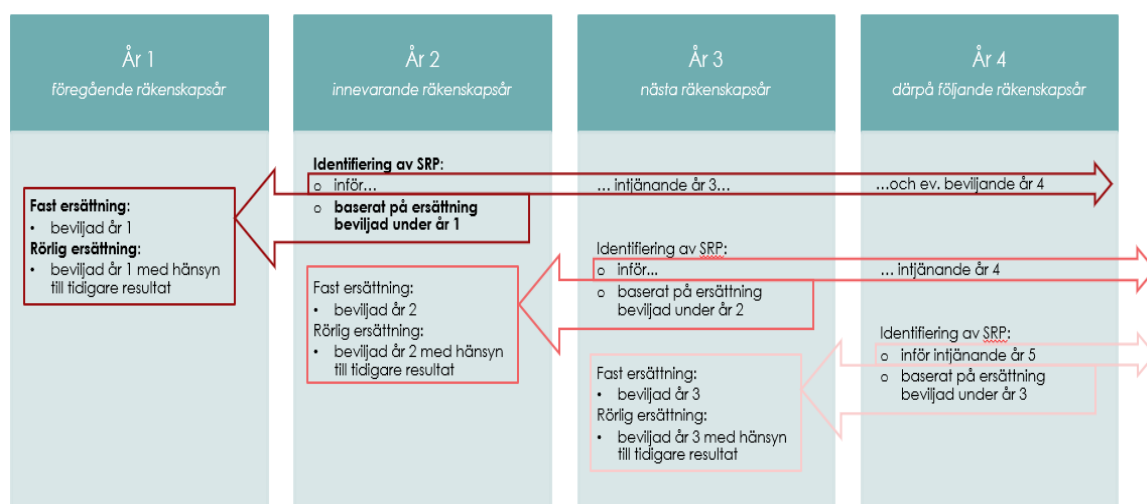
Identified staff includes employees whose professional activities have a material impact on Rhenman & Partners' risk profile or the risk profile of the assets that it manages. Identified staff is determined regularly, at least once a year, prior to the next accumulation period (the vesting period). Identification takes place by taking into account the qualitative and quantitative criteria set out in Chap. 2, § 1, p. 7 of the Regulations, together with Articles 3 and 4 of the European

¹ Guidelines on sound remuneration policies under Directive 2019/2034/EU of 22 November 2021 (EBA/GL/2021/13).

² Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

³ Swedish Securities Market Act (2007:528).

Commission Delegated Regulation of 13 August 2021⁴. For the purposes of applying the quantitative criteria, both fixed remuneration and variable remuneration granted during the preceding fiscal year are taken into account. It should be noted that an employee who, during a fiscal year (year 1) receives a total remuneration equal to or exceeding 500,000 euros, is presumed to be an identified staff member in the next fiscal year (year 3).



Remuneration

Remuneration includes all compensation and benefits, both monetary and non-monetary, that can be paid to Rhenman & Partners' employees.

Variable remuneration

Variable remuneration is remuneration that is not fixed in advance in amount or size, and that is usually performance-based. Variable remuneration does not include commission-based salary, which is not linked to such future risk commitments that might alter Rhenman & Partners' income statement or balance sheet.

Executive management

Executive management consists for the time being of CEO and CIO.

3. Guiding remuneration principles

Remuneration at Rhenman & Partners must be designed and applied in a manner that is appropriate to Rhenman & Partners' size and internal organisation as well as to the nature, scope and complexity of the business. Remuneration should also be consistent with Rhenman & Partners' business strategy, goals, values, and the long-term effects of investment decisions made, and should be non-discriminatory regarding gender, gender identity or expression, ethnic origin, religion or other belief, disability, sexual orientation, or age. Salary and other terms of

⁴ Commission Delegated Regulation 2021/2154 of 13 August 2021 supplementing Directive (EU) 2019/2034 of the European Parliament and of the Council with regard to regulatory technical standards specifying appropriate criteria to identify categories of staff whose professional activities have a material impact on the risk profile of an investment firm or of the assets that it manages.

employment at Rhenman & Partners must be such that Rhenman & Partners can attract and retain talented, highly qualified and motivated employees.

Rhenman & Partners' remuneration system must be designed to benefit its long-term interests and to comply with applicable remuneration regulations. Accordingly, remuneration at Rhenman & Partners must be consistent with and promote sound and effective risk management, looking at all risk categories, including sustainability risks as well as encourage responsible business conduct and promote risk awareness as well as mitigate potential conflicts of interest. Rhenman & Partners' remuneration must thus be structured in a way that takes into account Rhenman & Partners' client in order to ensure that they are treated fairly and that their interests are not adversely affected by the remuneration policy established by Rhenman & Partners in the short, medium or long term. Incentives must be avoided that might lead employees to act in their own or Rhenman & Partners' interest to the potential detriment of the client. Furthermore, the remuneration paid by Rhenman & Partners must not jeopardise Rhenman & Partners' long-term performance or financial position.

In the board's assessment, Rhenman & Partners' remuneration model is aligned with sound remuneration levels and enables Rhenman & Partners to fulfil both current and future obligations.

4. Remuneration components

At Rhenman & Partners, the following remuneration components are present.

Fixed basic salary ("monthly salary")

All Rhenman & Partners employees receive a fixed basic salary agreed in an individual employment contract, which constitutes a key remuneration component for the employees. The fixed salary is not linked to future risk commitments, is on market terms and is based on the employee's education, experience and level of responsibility.

Variable remuneration

Variable remuneration is a tool enabling the alignment of employees' interests and performance with Rhenman & Partners' business goals and financial results, taking into account our owners' long-term interests. If a variable remuneration is paid it must reflect a sustainable and risk-adjusted performance. Variable remuneration is currently not paid to employees who are partners in Rhenman & Partners. Other employees can receive an annual bonus. Variable remuneration is fully discretionary, which means it is no guarantee that it will be paid each year. The conditions and performance criteria for determining, awarding and paying out bonuses are described in Section 5 below. Variable remuneration does not constitute pensionable remuneration.

Pension contributions

Rhenman & Partners allocates a specific percentage of the fixed salary agreed in the individual employment contract to an occupational pension insurance designated by the employee. Rhenman & Partners does not apply discretionary pension benefits.

Insurance coverage

Rhenman & Partners provides employees with health insurance in accordance with individual employment contracts. In addition, Rhenman & Partners provides employees with group accident insurance.

Other benefits

In addition to the above-mentioned remuneration, Rhenman & Partners offers benefits in accordance with applicable guidelines from time to time, which Rhenman & Partners has the right to unilaterally change and modify.

Severance pay

Severance pay can be paid if a termination agreement is signed for the purpose of ending an employment relationship and, when appropriate, avoiding dispute. As far as possible, the amount of severance pay must reflect the employee's performance during the employment period and not reward unhealthy risk-taking or misconduct in general.

Guaranteed variable remuneration

Guaranteed variable remuneration, such as a sign-on bonus or buy-out, is only applicable for new hires in exceptional cases. Guaranteed variable remuneration is limited to the first year of employment. Any buy-out must be consistent with the provisions of Section 5 below and Rhenman & Partners' long-term interests, and must only be offered if Rhenman & Partners has a strong capital base.

Fixed salary supplement

A salary supplement is a form of fixed remuneration used to augment a fixed basic salary. To ensure that the attribution of salary supplements to fixed remuneration is accurate and appropriate, Rhenman & Partners shall, prior to a decision to offer an employee a fixed salary supplement, document the results of the assessments made by Rhenman & Partners in accordance with Section 8.1 in the Guidelines. Salary supplements can be used to compensate employees for duties, organisational responsibilities or positions that employees perform or assume in addition to their regular duties, responsibilities or positions in a particular project or other time-limited assignment. Salary supplements must not be linked to performance other than the performance of the additional tasks, organisational responsibilities or positions of the employee concerned or otherwise provide incentives for risk-taking. The salary supplement is therefore linked to the duration of the above-mentioned circumstances that can justify it, and can therefore be paid only as long as there are no significant changes in circumstances affecting the employee's position or area of responsibility in the organisation. Furthermore, employees who have the same function or the same organisational responsibilities and who are in a comparable situation should be offered a comparable supplement. Salary supplements must not be used to circumvent applicable remuneration regulations.

5. Principles for variable remuneration

If variable remuneration is set, it must not be so high as to limit Rhenman & Partners' ability to meet statutory own funds requirements. Variable remuneration should also not be so high as to jeopardise Rhenman & Partners' ability to report overall positive earnings over a business cycle. Variable remuneration can only be paid out if Rhenman & Partners has a positive financial result for the fiscal year and variable remuneration is always decided on a discretionary basis.

Furthermore, the fixed remuneration must be commensurate with the variable remuneration and represent a sufficiently large part of the employees' total remuneration so that the variable remuneration can be set at zero.

Remuneration at Rhenman & Partners must be adapted to its business and include several parameters aimed at ensuring that individual employees are not incentivised, nor given the opportunity, to take unhealthy risks in order to generate a high level of personal remuneration. All remunerations shall be gender neutral and in general non-discriminatory.

When variable remuneration is allocated, identified staff must undertake not to use personal hedging strategies or insurance policies that aim to undermine the principles set out in the Remuneration Guideline.

Maximum ratios

Variable remuneration to an employee who is not an identified staff member can amount to a maximum of 400 percent of the employee's total fixed remuneration (including benefits and any salary supplement) during the vesting year, unless the board of directors of Rhenman & Partners decides otherwise.

Variable remuneration to an identified staff member, however, can amount to a maximum of 100 percent of the employee's total fixed remuneration (including benefits and any salary supplement) during the vesting year.

Determination of variable remuneration (performance and risk measurement)

The assessment of results underlying the calculation of variable remuneration (that is, criteria for earning variable remuneration) must reflect a sustainable and risk-adjusted performance. Both current and future risks must be taken into account. The actual costs of the capital and liquidity required by the business must also be considered.

Any subjective assessments must be thoroughly considered and documented.

The performance assessment shall be carried out from a multi-year perspective in order to ensure that it is based on long-term performance and that Rhenman & Partners' underlying business cycle and business risks are taken into account when performance-based remuneration is paid.

Variable remuneration must be based on all of the following:

- (i) The employee's financial and non-financial results
- (ii) The performance of the profit centre concerned
- (iii) Rhenman & Partners' total earnings.

The financial and non-financial criteria that form the basis for earning variable remuneration, as well as decisions on variable remuneration to identified staff, must be specified and documented. Individual remuneration criteria are preferably established during annual employee appraisals, and they should be designed to encourage action in alignment with the interests of Rhenman & Partner and its client. Individual remuneration criteria should thus include criteria linked to factors like compliance or satisfaction from investors who are invested in funds which Rhenman & Partners manage on behalf of the client.

The documentation, follow-up and assessment of the remuneration criteria must be sufficiently complete to clearly demonstrate how the employee's variable remuneration was determined at the individual level.

Awarding and paying variable remuneration

Decisions on the allocation of variable remuneration are normally made within four months of the fiscal year-end, i.e. at the end of the vesting period. In order to be awarded variable remuneration, the employee must have been employed by Rhenman & Partners throughout the entire relevant vesting period, unless the board of directors decides otherwise.

The allocated variable remuneration is normally paid within six months after the end of the fiscal year. In order to receive a variable remuneration payment, the employee shall, unless the board of directors decides otherwise, remain employed by Rhenman & Partners, without serving his or her notice period, at the time the allocated variable remuneration is paid out.

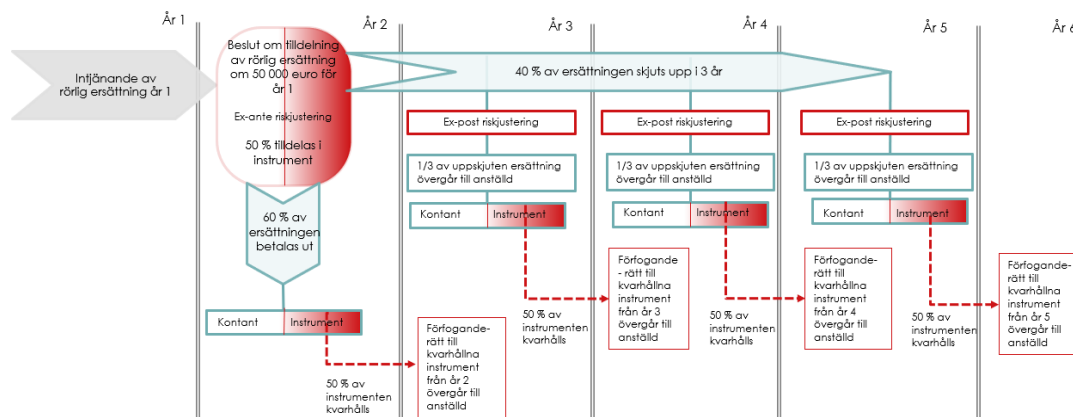
Variable remuneration is only paid to the extent justified with regard to Rhenman & Partners' financial situation (linked to Rhenman & Partners' capital adequacy ratio) and, according to Rhenman & Partners, the performance of the business unit concerned and the employee. Variable remuneration should therefore not be paid in any of the following cases:

- If payment of variable remuneration can result in the inability of Rhenman & Partners to meet applicable capital and liquidity requirements
- If risks linked to the remuneration criteria have materialised that have not been sufficiently taken into account when allocating variable remuneration
- If the employee participated in or was responsible for an action that resulted in significant loss to Rhenman & Partners
- If the employee has been found guilty of fraud, deception, breach of professional secrecy or confidentiality, or has otherwise breached their duty of loyalty in the course of employment
- If the employee is no longer considered to meet the fit and proper requirements.

If Rhenman & Partners is **not** classified as a small and non-interconnected investment firm (that is, **not** classified as a Class 3 firm) under the capital adequacy rules for investment firms⁵ and Rhenman & Partners' assets for the last four fiscal years exceed 100 million euros, the following applies:

When deciding on the allocation and payment of variable remuneration to identified staff of either (a) more than 50,000 euros or (b) equivalent to more than a quarter of the employee's total annual remuneration, the following must be taken into account:

- At least 50 percent of the variable remuneration to identified staff, both deferred and non-deferred, must consist of such shares or instruments as set out in Chap. 3a, § 8 of the Regulations (hereinafter collectively referred to as "instruments"), which must be retained for at least one year after ownership of the instruments has been transferred to the employee.
- At least 40 percent of the variable remuneration to identified staff, whether allocated in cash or instruments, must be deferred for a period of three to five years before it is paid or ownership passes to the employee; however, at least 60 percent of the variable remuneration to identified staff who have variable remuneration components of a particularly high amount must be deferred. (According to a decision by Rhenman & Partners' board of directors, variable remuneration exceeding 500,000 Swedish krona is particularly high.)



When deciding what percentage of the variable remuneration to postpone, and for how long, Rhenman & Partners' business cycle, the nature of the business and its risks as well as the responsibilities and duties of the identified staff must be taken into account.

Payment of deferred variable remuneration can be made pro rata, meaning once a year evenly distributed over the period during which the remuneration was deferred. The first pro rata payment can be made no earlier than one year after the decision on variable remuneration.

⁵ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 and Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

Deferred variable remuneration must only be paid or transferred to identified staff to the extent justified with regard to Rhenman & Partners' financial situation and, according to Rhenman & Partners, the relevant business unit's and employee's performance. Deferred variable remuneration should therefore be adjusted or cancelled in any of the following cases:

- If payment of deferred variable remuneration can result in the inability of Rhenman & Partners to meet applicable capital and liquidity requirements
- If risks linked to the remuneration criteria have materialised that have not been sufficiently taken into account when allocating variable remuneration
- If the employee participated in or was responsible for an action that resulted in significant loss to Rhenman & Partners
- If the employee has been found guilty of fraud, deception, breach of professional secrecy or confidentiality, or has otherwise breached their duty of loyalty in the course of employment
- If the employee is no longer considered to meet the fit and proper requirements.

6. Governance

The board of directors is ultimately responsible for ensuring that the Remuneration Guidelines is observed and followed up. The board decides on the remuneration of all employees including the CEO, and on the measures implemented for monitoring the application of the Remuneration Guideline.

The CIO and CEO prepares who is considered identified staff, which is then decided on by the board.

The Remuneration Guideline is subject to an annual independent internal review through control functions.

Rhenman & Partners has engaged external consultants to maintain the firm's control functions for compliance, risk control and internal audit. The board therefore does not decide their remuneration.

Remuneration committee

Rhenman & Partners has a remuneration committee consisting of the chairman of the board and an external board member who do not exercise any executive functions in Rhenman & Partners. Together they are accountable for the following:

- (a) Preparing board decisions regarding remuneration, including decisions that have consequences for Rhenman & Partners' risks and risk management
- (b) Preparing board decisions regarding measures for following up the application of the firm's Remuneration Guideline
- (c) An independent assessment of the firm's Remuneration Guideline and practices as well as the incentives created for managing risk, capital and liquidity
- (d) Monitoring the remuneration of senior executives responsible for risk management and compliance with legislation.

Prior to these decisions, data and appropriate documentation must be prepared by the CEO or by an independent person appointed by the board. The board's decisions on payable remuneration must be archived together with the relevant board minutes.

In preparing board decisions as described above, consideration shall be given to the public interest and the long-term interests of Rhenman & Partners' shareholders, investors and other stakeholders.

The remuneration committee shall confirm that the review of the company's Remuneration Guideline och remuneration praxis (see (c) above) happens at least once a year.

The chairman of the board is not a member of Rhenman & Partners' executive management and has sufficient knowledge and experience in matters of risk management and remuneration.

7. Follow-up and control

Rhenman & Partners has appointed the firm's internal auditor to serve as an independent control function for following up and verifying compliance with the Remuneration Guideline, including the determination of identified staff.

The internal auditor shall, where appropriate and on an annual basis, review whether Rhenman & Partners' remuneration schemes comply with this Remuneration Guideline. The results of the audit must be reported to the board of directors no later than the time when the annual report is adopted. If the control function finds that Rhenman & Partners' determination of identified staff or remuneration to individual employees deviates from the Remuneration Guideline, the control function shall immediately report to the board of directors.

In the assessment and evaluation process carried out by the board as set out in Section 6 on governance, the appropriate control functions shall be involved. Staff who exercise control functions must be independent of the business units they supervise, have appropriate powers, and receive remuneration commensurate with the achievement of objectives linked to those functions, independent of the performance of the business areas they control.

8. Publication

On its website, Rhenman & Partners shall report on how the firm meets the requirements for remuneration policies and remuneration schemes in accordance with the Regulations and Guidelines.

9. Information and accessibility

All employees who are identified staff must be informed of the criteria governing their remuneration and how their performance is assessed.

If Rhenman & Partners is **not** classified as a small and non-interconnected investment firm (that is, **not** classified as a class 3 company) under the capital adequacy rules for investment firms,

Rhenman & Partners shall annually provide information to the Swedish Financial Supervisory Authority about persons active in the firm who during a fiscal year received total remuneration of at least 1 million euros (such information includes the number of persons, their duties, the business area in which they operate and the nature of the remuneration).
