

Remuneration Policy

Classification code: Public

Version: 3.2

Date: 08-12-2025

SUMMARY

This document describes how Qliro will manage remuneration to all employees of Qliro.

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1. Introduction

This document is owned by the CEO. Responsible and contact person is the Chief People Officer.

1.1 Purpose

This document (the "Policy") describes how Qliro will manage remuneration to employees and sets out the framework for Qliro's remuneration system, including all components of remuneration.

The Policy specifies how the external regulations are to be applied in Qliro's remuneration practices with regards to the principle of proportionality. In preparing this Policy, the size of Qliro and its internal organisation, as well as business nature, scope and complexity have been considered.

The aim of this Policy is to provide a basis for aligned remuneration practices which promote sound and effective risk management and counteracts excessive risk-taking behaviour, as well as promote fair treatment of customers and management of potential conflicts of interest. The Policy is further aligned to the business and risk strategy, including environmental, social and governance (ESG) risk-related objectives, values, culture and a long-term interest of Qliro in order to effectively achieve the objectives of the regulatory requirements.

1.2 Who should read this document?

The Policy extends to all employees in Qliro.

1.3 Definitions and abbreviations

CEO: The CEO of Qliro AB

Qliro or The Company: Qliro AB

CPO: Qliro's Chief People Officer

Risk Control: Qliro's function for Risk Control

Compliance Function: Qliro's function for Compliance

The Board: Qliro AB's Board of Directors

Senior executives/executive management: Employees as defined in Chapter 1, Section 4, Subparagraph 7 of FFFS 2011:1 (amended by FFFS 2020:30). For Qliro, this is at least the Executive Management Team (EMT).

Fixed remuneration: Means the payments or benefits for Qliro's employees which comply with the conditions for its award set out in Section 131 of EBA/GL/2021/04. Other remuneration components which fulfil the requirements in Sections 132-133 of EBA/GL/2021/04 are also considered to be fixed remuneration. Fixed remuneration may include, but not be limited to, salary, monthly cash allowances,

benefits and pension that is permanent, predetermined, non-discretionary and non-revocable. Remuneration that does not meet the criteria of the above shall automatically be considered as variable remuneration.

Gender neutral policy: means remuneration policy that is consistent with the principle of equal pay for male, female and diverse workers for equal work or work of equal value as laid down in Article 157 of the Treaty on the Functioning of the European Union (TFEU) and that is assumed to affect all genders equally.

Gender pay gap: means the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men.

Risk takers¹: staff whose professional activities have a material impact on Qliro's risk profile as defined in Chapter 1, Section 4 a of FFFS 2011:1 (amended by FFFS 2020:30). For Qliro, this is at least the EMT as well as control functions.

All amounts shall be calculated gross and on a full-time equivalent basis.

1.4 External regulations

As a credit market company under supervision of the Swedish Financial Supervisory Authority (*Sw: Finansinspektionen*) ("SFSA"), Qliro shall apply the following external regulations and guidelines:²

- The Swedish Banking and Financing Business Act (2004:297)
- Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 ("CRR")
- Swedish Financial Supervisory Authority's regulations (FFFS 2011:1) regarding remuneration structures in credit institutions, as amended by FFFS 2020:30 ("FFFS 2011:1")
- Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive ("the Delegated Regulation (EU) 2021/923")

¹ Also known as identified staff in the regulations.

² For the avoidance of doubt, employees employed by non-Swedish branches are also subject to SFSA regulations.

- European Banking Authority's ("EBA") guidelines on sound remuneration policies ("EBA/GL/2021/04")
- EBA Guidelines on the benchmarking exercises on remuneration practices, the gender pay gap and approved higher ratios ("EBA/GL/2022/06")
- Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information ("ITS on disclosures")
- EBA Guidelines on the data collection exercises regarding high earners ("EBA/GL/2022/08")
- EBA Guidelines on internal governance ("EBA GL11").

1.4.1 Exemption of requirements on deferral and retention

Pursuant to the definition in FFFS 2011:1, Chapter 1, Section 2a, Qliro is exempted from the requirements in FFFS 2011:1, Chapter 4, Sections 6 and 7 to defer payment of variable remuneration and to pay a substantial part of the variable remuneration in the form of shares or other equity instruments.

1.5 Follow up and control

The content of the Policy shall be up to date and regularly updated and reviewed by the CPO.

In addition to the regular maintenance of the Policy, the Policy shall be evaluated each year by the Remuneration Committee following the annual general meeting of shareholders of Qliro to ensure consistency with the *Remuneration Guidelines for Senior executives* as adopted by the annual general meeting. Risk Control shall support and participate in the remuneration policy assessment and evaluation process performed by the Remuneration Committee.

The Compliance Function shall analyze how this Policy affects Qliro's compliance with laws, regulations and internal rules by providing support and advise to the CPO in the annual update of this Policy and in the annual risk analysis performed by Risk Control. Any issues of non-compliance shall be reported without undue delay to the Remuneration Committee.

The application of this Policy and the Company's compliance with the Policy shall be reviewed annually by internal auditors. The auditors shall report their findings to the Board not later than in connection with the adoption of the annual accounts.

2. General principles for the remuneration model

The Company applies a total remuneration approach which aims to:

- promote the work to attract, motivate, develop and retain people with the ability, experience and skills to deliver on the Company's strategy,
- be free from irrelevant consideration, this includes for instance that the remuneration policy shall be gender neutral,

- guarantee an appropriate balance between fixed and variable components of remuneration,
- create an alignment between the rewards and risk exposure of shareholders and employees,
- counteract excessive risk-taking and incentivize employees to deliver sustainable performance that is consistent with strategic goals as well as sound and effective risk management,
- contribute to safeguarding a sound capital base and shall not lead to shortcomings in Qliro's liquidity.
- deliver remuneration that is affordable and appropriate in terms of value allocated to shareholders and employees, and
- encourage behaviour that reflects the Company's dedication to service its customers.

3. Remuneration components

The Company's remuneration model consists of the following remuneration components:

3.1 Fixed remuneration

Fixed remuneration constitutes the primary component of remuneration. It reflects the nature of the position held, individual employee performance and market conditions.

3.2 Variable remuneration

Variable remuneration is a component of remuneration which aims to incentivize particular behaviours and desired results, create an alignment between the rewards and risk exposure to those of the shareholders and provide motivation and foster a performance driven culture in the Company.

The amount of fixed remuneration shall be sufficient in order to ensure that the reduction of variable remuneration down to zero would be possible. In particular, it should be possible to reduce or cancel the awarded variable remuneration based on justified circumstances without creating incentives for short-term excessive risk taking.

3.3 Pension benefits

Pension benefits are offered in accordance with applicable law, regulation, labour market agreements and market practice. Pension benefits aim at providing financial security for the employees. The Company does not apply discretionary pension benefits and variable remuneration is not paid out as pension benefits.

3.4 Severance payments

Severance pay means payments relating to early termination of a contract which shall only be paid in exceptional cases.

Remuneration paid out in connection with the termination of employment must be proportionate and reflect the employee's performance during the period of employment and tenure and must not reward unsound risk-taking, failure or misconduct.

Severance pay is considered as variable remuneration and should therefore be taken into account for the purpose of calculating the ratio between variable and fixed remuneration. Regular remuneration payments pertaining to the duration of a notice period constitute fixed remuneration, not severance payments.

3.5 Guaranteed variable remuneration (“sign-on bonuses”)

Guaranteed variable remuneration (“sign-on bonuses”) is only used in connection with hiring new staff in special circumstances, e.g. with the aim to compensate the employee for any loss of variable remuneration due to the employee's termination of previous professional occupation and is limited to the first year of employment. Sign on bonuses for Risk takers need board approval while the CEO is mandated to approve sign on bonuses for non-Risk takers, before payout and is granted only in exceptional cases. Such pay will only be used to attract highly specialized individuals.

3.6 Retention bonus

Retention bonuses shall not be awarded to Risk takers unless Qliro's legitimate interest in awarding retention bonuses is justified in such situations as restructuring, wind-down or after change of control. The event or justification for the retention bonus shall be documented.

Retention bonuses shall comply with applicable requirements on variable remuneration in accordance with this Policy. Depending on the type of retention bonuses being triggered by expiration of the retention period or by a defined event, the retention bonuses should be awarded after the retention period ends, or the retention condition is met, respectively.

4. Incentives

Qliro offers the following incentive plans:

4.1 Short term incentive plans

Qliro has a short-term incentive plan (“STIP”) to Senior executives and key employees in the Company that is based on cash and shares.

As the STIP is dependent on financial and non-financial criteria it is considered variable remuneration and shall therefore follow this Policy, with specific regards to the principles regarding maximum ratio, performance assessment process as defined in section 5, as well as the approval processes described in section 6.

4.2 Long term incentive plans

Senior executives and key employees in the Company may from time to time be invited to participate in Qliro AB's long-term share or share-price related incentive plans ("LTIPs") provided that the annual general meeting of shareholders of Qliro AB resolves to implement such incentive plans.

The LTIPs may be based on warrants (Sw. teckningsoptioner) or other financial instruments that are considered fit for the purpose. The LTIPs shall be designed to ensure a long-term commitment to the value growth of Qliro and align the Senior executives' and key employees' interests and rewards with those of the shareholders. The LTIPs shall generally have a term of at least three years. As a general rule, the participants shall make a personal investment in the LTIP in e.g. warrants, and such investment shall generally be made at market value.

Qliro may subsidize participants personal investment in LTIPs by upfront cash allocations and any such subsidy shall constitute variable remuneration and follow this Policy, with specific regards to the principles regarding maximum ratio, performance assessment process as defined in section 5, as well as the approval processes described in section 6. The warrant itself is not considered remuneration as long as the investment is made at market value.

4.3 Sales commission plans

Only roles within the Commercial unit of the Company with the main responsibility to sell Qliro offerings may be offered commission-based salary, which is detailed in a sales commission plan. Sales commission is considered variable remuneration and shall therefore follow this Policy, with specific regards to the principles regarding maximum ratio, performance assessment process as defined in section 5.

Sales commission is calculated and paid on monthly basis. Sales commission plans therefore have a limited link to future risk assumptions that may alter the firm's profit and loss statement or balance sheet, if any at all.

In case it is revealed that Sales commission has been paid based on results or information that prove to be incorrect, the Company is entitled to reclaim such payouts. This is as a starting point done through reductions of future Sales Commission payouts or a reduction of future base salary payments, and otherwise as a clawback from the Company to the employee (see also section 5.5.2).

Risk Takers are not eligible for Sales Commission plans.

5. Principles governing variable remuneration

5.1 Maximum ratios

The employee's fixed remuneration shall represent a sufficiently high proportion of the employee's total pay.

Variable remuneration allocated to Risk takers shall not exceed 100% of the individual employee's annual fixed salary incl. benefits (such as pension) in relation thereto. Variable remuneration allocated to employees who are not Risk takers shall not exceed 100% (though 250% for variable remuneration in the form of sales commission) of the relevant employee's annual fixed salary incl. benefits (such as pension) in relation thereto unless the Board decides otherwise in the relevant case.

5.2 Employees in control functions

The remuneration package offered to control functions shall be sufficient to attract and retain staff with the skills, knowledge and expertise to discharge these functions. The remuneration of independent control functions shall be predominantly fixed and shall reflect the nature of their responsibilities.

In the event that the control functions receive variable remuneration, such remuneration shall be independent of the performance of the business areas they control and be based on the entire company's financial results and/or targets linked to the control function. The criteria shall be designed in a way that does not compromise the independence of the control functions and that ensures that any conflicts of interests are managed properly.

5.3 Performance measurement

5.3.1 Financial performance criteria

If and to the extent variable remuneration is based on financial measures (profit or otherwise), such measures will be risk-adjusted to reflect current and future risks associated with the financial measures as well as actual costs for capital and liquidity. Further, a multiple-year perspective is applied to ensure long term sustainability of profits considering underlying business cycles and risks at the time of pay-out. In the event that subjective assessments are used for adjusting profit based on risk, factors forming the basis for the adjustment must be well balanced and documented.

The total variable remuneration payable by the Company must not be of such size that it may affect the Company's ability to maintain a sufficient capital base or, as required, to reinforce the capital base. Notwithstanding the fact that the performance of the Company or an employee may motivate a certain level of variable remuneration, the Board of Directors will consequently have the discretion to reduce, postpone or cancel pay-out of any variable remuneration to the extent required for the abovementioned purpose.

5.3.2 Non-financial performance criteria

If and to the extent variable remuneration is based on non-financial performance measures, these are based on performance assessed against performance criteria set and documented at the beginning of each calendar year.

The non-financial performance criteria shall be relevant to the employee's role and responsibilities. Examples of such criterias may include, but not be limited to

achievement of strategic targets, customer- and employee satisfaction, adherence to risk management policy, compliance with internal and external rules, leadership, teamwork, creativity, motivation and cooperation with other business units, internal control and corporate functions.

5.3.3 Combined basis for variable remuneration

For STIP, the financial performance criteria and the non-financial performance criteria shall be construed and applied in such a way that variable remuneration is based on the Company's overall performance as well as the individual's performance and the affected departments performance. Variable remuneration is however contingent on defined threshold financial results on Company level and in the event that the financial criteria are not fulfilled, the variable remuneration may not be awarded, regardless of the fulfillment of the non-financial criteria.

For Risk takers, *both* financial and non-financial criteria shall be taken into account in the assessment of the employee's performance. The Board shall approve the overall criteria for Risk takers with consideration to the specific roles and responsibilities of the individuals, but may mandate the CEO to set further sub-criteria on a more detailed level for each individual.

For non-Risk takers the criteria shall be relevant to the employees' roles and should not give incentive to excessive risk-taking. The criteria may also be approved by the CEO.

The performance assessment is explained further in the Instruction for the Remuneration Process.

5.3.4 Variable remuneration based on future performance

Where LTIPs are based on future performance, section 8.2 of EBA/GL/2021/04 shall be followed. For Risk takers, *both* financial and non-financial criteria shall be taken into account in the assessment of the employee's performance.

5.4 Risk analysis and identification process

The group of employees who qualifies as Risk takers shall be identified on an annual basis. The categories of staff and the rationale for their identification shall be documented in a risk analysis performed by Risk Control. More detailed procedures regarding the risk analysis and the identification process are set out in Instruction for the Remuneration Process.

5.5 Payment of variable remuneration

Variable remuneration is generally paid out in connection with customary salary payments. Variable remuneration does not form basis for any right to receive any benefits, such as pension, holiday or any other benefits, unless such right follows from any applicable mandatory law. Variable remuneration will, if required, be adjusted accordingly.

5.5.1 Hedging prohibition

In connection with awarding variable remuneration, employees may not use any personal hedging strategies or insurances to mitigate or undermine the effects of deferred variable remuneration being subject to potential forfeiture (reduction either in whole or in part).

5.5.2 Reduction and claw back

The Company is entitled to claw back (partially or in full) any paid variable remuneration if it can be documented that the variable remuneration has been calculated based on information or results which prove to be false, and the recipient was in bad faith.

6. Governance

6.1 General governance

The grandparent principle is adhered to when deciding on remuneration components for individual employees.

The Board shall be collectively responsible for remuneration topics regarding employees in the Company. Hence, the Board is responsible for approving and maintaining the Policy and overseeing its implementation to ensure it is fully operating as intended and also ensure that the Policy is regularly followed up and updated. The Board is also responsible for defining and overseeing the risk analysis and the identification process.

The Company has assessed that the Company is not to be considered a significant company according to Chapter 3, Section 3 of FFFS 2011:1. The Board has thus chosen to appoint a separate Remuneration Committee to be specifically responsible for evaluations according to Chapter 3, Section 3 of FFFS 2011:1, and preparations of decisions according to Chapter 3, Section 4 of 2011:1.

Any deviations from this policy shall be approved by the Board.

6.2 Approval process of variable remuneration

The Board decides on the total amount (i.e. a total bonus pool) available for variable remuneration and on the allocation of the total amount to business areas. Decisions on allocation pay-out to individuals are made by the CEO, except in relation to Risk takers where the decision is made by the Board. Further, Commission-based salary under sales commission plans is calculated monthly and approved by the manager's manager prior to payout according to well-established processes.

It is the responsibility of each line manager to notify the employee/s in their area of responsibility who are eligible for variable remuneration of the relevant success criteria that govern their remuneration and the process for evaluating performance and to document such criteria and decisions in relation thereto.

6.2.1 Approval of total remuneration levels to specific employees

It is the responsibility of the Board to set the total salary, including both fixed and variable remuneration, to the CEO.

For other Risk takers, the CEO shall propose remuneration levels to the Board through the Remuneration Committee, where the Board makes the decisions.

For other parts of the organization, the manager's manager shall be allowed to decide remuneration levels in line with this policy.

6.3 Conflicts of Interests

Any conflicts of interests with regards to remuneration should be timely identified and properly mitigated in accordance with the Conflicts of Interest Policy.

6.4 Internal disclosure of information on remuneration

The Performance assessment process and this Policy are accessible to all employees via Qliro's intranet. Confidential aspects of the remuneration of single staff members shall not be subject to internal transparency.

The employees shall be adequately informed of the criteria that govern their remuneration and how their performance is assessed by their line manager.

Employees who are eligible for variable remuneration shall be informed about the characteristics of their variable remuneration, as well as the process and criteria that will be used to assess the impact of their professional activities on the risk profile of Qliro and their variable remuneration.

6.5 External disclosure of information on remuneration

The Company will disclose information regarding this Policy on their website in accordance with the requirements laid down in any applicable law and regulation. The information disclosed will safeguard the secrecy of the individual employee's financial situation.

Furthermore, the information shall be presented in Qliro's annual report in accordance with the requirements in Article 450 of CRR.

6.6 External reporting

The Company shall report any information required by EBA/GL/2022/06, as well as EBA/GL/2022/08, where relevant, to the SFSA.

7. Document Details

For further guidance on this section, refer to the Internal Regulatory Framework Policy.

7.1 Document properties

Document title	Valid from
Remuneration Policy	08-12-2024
Document type	Department/Area
Policy	General
Version	Classification code
3.2	Public
Approved by	
Document owner	Contact person
CEO	Chief People Officer
Next revision	
	<1 year from "Valid from"

7.2 Revision history

Version	Valid from	Revision	Authored by
1.0	2017-03-15	Initial document	Patrik Illerstig/Markus Rydmell
1.1	2018-03-06	Template update – no content change	Markus Rydmell
1.2	2018-06-20	Revised according to the consolidated situation.	Mari Åström
1.3	2019-03-29	Annual adoption, template update with minor linguistic adjustments. Removal of unclear section and change of definition	Mari Åström
1.4	2019-11-20	Revised based on observations from internal auditors: added 3.8; made some clarifications in 4.3.4 and 4.3.7, minor linguistic adjustments.	Johanna Blom
1.5	2020-11-24	Annual adoption, revision to made in March 2021.	Johanna Blom
1.6	2021-04-15	Revised based on updated FFFS 2020:30 amending 2011:1	Johanna Blom
1.7	2022-04-07	Annual review, added text on approval of deviations in 6.1 and minor linguistic adjustments	Johanna Blom
2.0	2022-12-14	Amended as a result of the revision of the incentive plans. Additional clarifications in relation to EBA/GL/2021/04, EBA/GL/2022/06 and EBA/GL/2022/08.	CPO/Interim CPO Hanna Falk
2.1	2023-04-06	Amendments of the approval process for Risk takers'	CPO/Anna Engman

Version	Valid from	Revision	Authored by
		remuneration as well as minor linguistic adjustments.	
2.2	2023-12-14	Minor adjustments and clarifications of decision making in relation to the criteria setting process.	CPO/Anna Engman
2.3	2024-09-18	Adjustments to reflect Qliro's changed strategy and to clarify how LTIP is viewed in a regulatory context. Minor clarifications about non-financial criteria and roles & responsibilities.	Interim CPO/Jesper Bruksner
3.1	2024-12-12	Describing Sales commission schemes as Variable Remuneration in Qliro	
3.2	2025-12-08	Annual review.	

7.3 References

Document / resource	Description