



ALLFUNDS SWEDEN AB REMUNERATION POLICY

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1. BACKGROUND

Allfunds Bank, SAU, (hereinafter "Allfunds", the "Bank" or the "Entity", indistinctly) emerged as a start-up under the combined umbrella of its former shareholders and ALLFUNDS itself. As the company evolved, it built its own identity, comprising its own character and culture, and developing its personal policies and procedures.

Allfunds Bank, SAU, is the parent company of a group of affiliated financial institutions (including subsidiaries, branches and representative offices) which, together with the Company, constitute the Allfunds Group. At the same time, Allfunds Bank, SAU, is the main and core entity within the Allfunds Group both from an operational and business perspective and serves as its headquarters. Most of the group's key global activities are run from here, including amongst others corporate management, IT, operations, finance, legal, sales and compliance. Sales activities related to Iberia and Latin America are also run from the Group's headquarters.

At present, Allfunds is a unique company in constant growth and evolution at all levels, and with a high degree of competitiveness in the market. This means that our policies must constantly adapt to align human resources to the company's ambitious long-term goals.

In 2019, as part of Allfunds' international expansion, Allfunds Sweden AB was acquired (hereinafter "Allfunds Sweden" or the "Company"). Allfunds Sweden was based on Stockholm (Sweden) and is established and operating as an ALLFUNDS subsidiary. It shall be considered that this 2019 remuneration policy has been reviewed reflecting the existence of two different parent entities and realities along the year, so it may be considered as an interim policy, expecting to be fully aligned with Allfunds' Group one in 2020.

2. SCOPE OF APPLICATION

This Remuneration Policy (hereinafter referred to as "**Policy**")¹ follows the principles established under the Allfunds Group applicable remuneration Policy (hereinafter referred to as "**Global Policy**") and constitutes a general policy applicable for employees within Allfunds Sweden AB (hereinafter referred to as "**Allfunds Sweden**", or as the context indicates as "**Company**") aligned with local regulation in force. This Policy is designed in such a way as to not create a conflict of interest or incentive that may lead relevant persons to favour their own interests or the Company's interest to the potential detriment of any client.

In accordance with the principles included under the Global Policy (see *Section 4* below), this Policy is applicable to all employees within Allfunds Sweden. However, this Policy sets forth some further restrictions in the remuneration with regard to employees belonging to such a personnel category in Allfunds Sweden who may, as part of their assignment, perform material influence on the Company's risk exposure (hereinafter referred to as "**Risk Takers**")². The applicability of the remuneration principles, with respect to the aforementioned personnel category, is described in *Section 5* below.

The review process of the Policy must include relevant stakeholders in the process, such as the Human Resources department, Compliance and Risk Management, and its update must take place at least on an annual basis. This Policy shall be reviewed at least on an annual basis and approved, by the Board of Directors (the "Board") of Allfunds Sweden, after taking advice by the Compliance and Risks Management functions.

The Board should ensure that the institution's remuneration policies and practices are appropriately implemented and aligned with the institution's overall corporate governance framework, corporate culture, risk appetite and the related governance processes.

¹ This Policy is set up to meet the Swedish regulations issued by the Financial Supervisory Authority's, (Sw. Finansinspektionen) Regulations and General Guidelines (FFFS 2011:1 [as amended by FFFS 2014:22 and FFFS 2016:25]) (hereinafter referred to as the "**Regulations**"), the Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile ("**RTS**"), Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2017/65/EU ("**MiFID II Delegated Regulation**"), in particular Article 27, Regulation (EU) No 575/2013 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 and EBA/GL/2015/22 Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013 of 27 June 2016 ("**EBA GL 22**"). It shall be noted that the EBA GL22 has been implemented using the proportionality principle (Art. 92 (2) of Directive 2013/36/EU) in line with the size, internal organisation and the nature, scope and complexity of Broker Services' activities.

² "Risk Takers" shall have the same meaning as set forth in FFFS 2011:1 (as amended). Being identified as per Appendix I

The Remuneration Policy and practices shall apply to all relevant persons with an impact, directly or indirectly, on investment and ancillary services provided by the Company or on its corporate behaviour, regardless of the type of clients, to the extent that the remuneration of such persons and similar incentives may create a conflict of interest that encourages them to act against the interests of any of the Company’s clients.

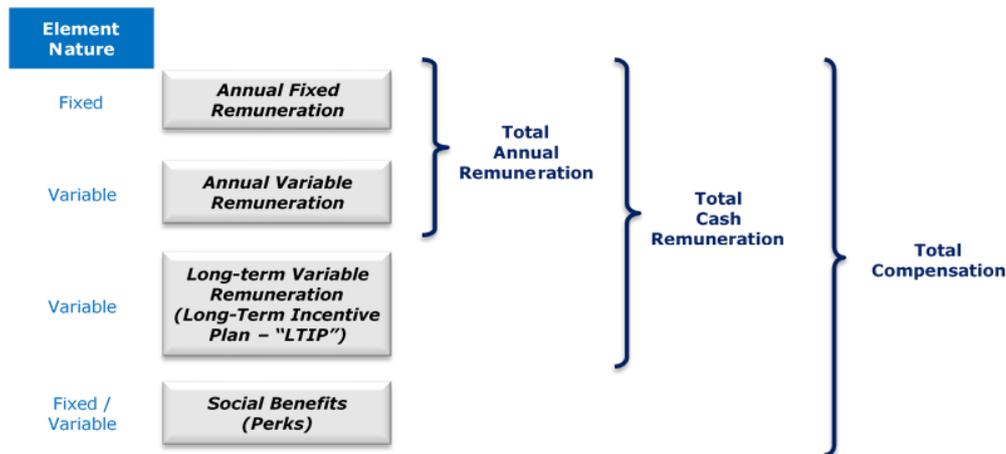
A Board Member employed by Allfunds Sweden AB shall not receive any additional remuneration for the position as a member of Allfunds’ Board. An independent Board Member shall receive remuneration in line with market standards appropriate for the Board Member position. The member of the board shall only be compensated with fixed remuneration and that incentive-based mechanisms based on the performance of the company shall be excluded.

Allfunds Sweden AB, may be considered as a non-“significant firm”³ in terms of regulation in force related to remuneration policy, as far as it is a firm that has a risk—weighted assets not totalling, nor exceeding, SEK 500 billion on the balance sheet date for the previous financial year.

3. OBJECTIVE

The objective of this Remuneration Policy is to have a competitive and fair approach for all employees within Allfunds Sweden, allowing for the recruitment and retention (external competitiveness) of qualified and experienced staff. The Policy is designed to promote effective risk management and governance with regards to mitigating risk-taking aligned with the Company’s long-term interests. The Policy shall account for prospective risks as well as existing risks and risk outcomes in relation to remuneration.

The Policy describes our philosophy in alignment with the Allfunds Group Global Policy. Basically, it is built considering four potential major remuneration components: annual base salary, annual variable remuneration (performance-based cash incentive awards), long-term variable remuneration and social benefits.



4. CORE ELEMENTS OF THE GLOBAL POLICY

4.1. General Philosophy

The remuneration principles presented in this Policy are based on the core philosophy of the Global Policy applicable for the Allfunds Group. To uphold independence in the compensation decisions, the global Appointments and Remuneration Board Committee, designated by the Board of Directors of the Allfunds Group, issues the Global Policy and sets the core philosophy for employee’s compensation levels.

The core philosophy of Allfunds Group’s Global Policy is based on the “pay for performance” principle aligning compensation with corporate goals and objectives, rewarding outstanding service and maintaining compliance with each country’s laws, regulations and market practices. Further, each associate’s variable remuneration is, according to the Global Policy, evaluated by the overall parent company or subsidiary objectives and business unit/department objectives as well as individual objectives.

³ “significant firm” shall have the same meaning as set forth in FFFS 2011:1 (as amended).

The Appointments and Remuneration Board Committee has endeavoured to create a performance-based compensation program that meets the needs of our global company and recognizes the important responsibilities to our shareholders. Accordingly, the compensation mix focuses on short-term (cash-based compensation) linked to financial performance of our company. Allfunds Group strives to offer employees a competitive balance between fixed and variable components in order to attract and retain motivated employees. Consequently, each employee's variable remuneration has a maximum upside opportunity in accordance with the Global Policy. For all employees, the variable remuneration is expressed as a percentage of base salary. Such upside opportunity promotes the balance between the variable and fixed remuneration and appropriate risk taking.

4.2. Long-term Remuneration

According to the Global Policy, the total compensation mix aims to encourage taking appropriate risks in order to improve Allfunds Group's long-term performance and build a long-term shareholder value. The compensation program is subject to a comprehensive risk assessment process that is intended to identify any areas of the compensation structure that may intentionally encourage inappropriate risk taking. Such a risk assessment aims to prevent that Allfunds Group's total remuneration for a given period of time does not expose its ability to achieve a positive result over the lifetime of a business cycle. Accordingly, the actual costs for maintaining adequate capital and liquidity that are inherent to the business operations are considered in such performance measurement.

At present, the Company does not have any long-term incentive plan in place. Nevertheless, Allfunds Sweden considers this kind of incentive to be an important element of its remuneration structure and identifies such plans as an adequate measure to link the interests of its employees and directors with those of the Company in the long term, so it does not rule out implementing an incentive of this kind in the future.

4.3. Grandfather Principle

At Allfunds Group, all decisions that are in any way linked to compensation and performance evaluations are governed by a principle called the Grandfather Principle. The Grandfather Principle means that any decision being made by the immediate manager is also always reviewed and approved by the manager's manager. Such decisions include setting and evaluating individual goals, all changes in compensation, and all variable remuneration pay-outs. Further, the Global Policy states that it is the Appointments and Remuneration Board Committee of the Board of Directors of Allfunds Bank, SAU, that shall decide on and prepare remuneration decisions for the senior group executives (notwithstanding the fact that the Board of Allfunds Sweden takes its own decisions for its employees).

5. POSITIONS THAT MAY AFFECT THE COMPANY'S RISK EXPOSURE

According to the Regulations, a company's remuneration policy shall define Risk Takers, whose influence have or is deemed to have a material impact on the company's operations. Operational, reputational and legal risks are deemed as typical risk categories in Allfunds Sweden's business operations. Consequently, the Risk Takers in Allfunds Sweden typically consist in the CEO, as well as any potential senior managerial level positions reporting directly to the Board of Allfunds Sweden respectively, as well as positions within compliance, regulatory, and risk management if exists. Risk Takers shall also be identified in accordance with [Appendix I](#).

Furthermore, where employees in control functions (Risk, Compliance and Internal Audit) receive variable remuneration, Allfunds Sweden shall ensure that this remuneration is based on targets linked to the control function itself and is independent of the performance of the business areas they control. Revenue goals linked to the performance of Allfunds Sweden may be removed for these control functions being able to remain Group's revenue as a goal since Allfunds Sweden's revenue is non-representative compared to the Allfunds Group revenue, and the activities performed by the control functions have therefore been deemed to have no, or else very limited, influence on the Group revenue. Therefore, there is no direct link between the Group revenue and the variable remuneration of the control functions.

The Human Resources ("HR") department shall assess and recommend to the Board the employees who in their opinion should be regarded as Risk Takers, as they are from time to time, considering the risks that the Company may be subject to.

The assessment will be performed each year, or more frequently if necessary, and be presented to the Board, which can accept or reject the recommendations made and can by its sole discretion regard other employees as Risk Takers. The HR department will maintain and uphold the list of Risk Takers and shall ensure that these staff are notified and understand the implications of this status.

6. REMUNERATION

6.1. Fixed Remuneration

The fixed salary shall be competitive and based on the individual's professional experience and organisational responsibility taking into account the level of education, the degree of seniority, the level of expertise and skills, the constraints and job experience, the relevant business activity and remuneration level of the geographical location and performance.

Additionally, for the Company to be able to attract, retain and motivate talented professionals, Fixed Remuneration, considered in combination with the remaining Elements of Remuneration, must make a competitive package that allows Allfunds to attract and retain the best professionals in the financial sector, and to be an attractive employer in the market where talented employees want to develop their professional career.

6.2. Total Variable Remuneration

All Allfunds employees are eligible to participate in the variable remuneration scheme. The variable remuneration is set as a target percentage of the annual fixed salary. The balance between the variable remuneration and fixed salary is reviewed on an annual basis by Allfunds Sweden to ensure that the balance of fixed and variable remuneration is appropriate on an individual basis. In case it is deemed unbalanced, it shall be raised to the Appointments and Remuneration Board Committee. The level of the variable remuneration is differentiated based on employees' positions within the company. In no case do the variable components of remuneration account for more than 100% (or 200% when applicable³) of the fixed component of the total remuneration of each Identified Staff member. Any approval of a ratio higher than 100% should be approved by the Board of Directors³.

The total variable remuneration according to Allfunds Group's Global Policy consists in annual cash based variable compensation scheme, which is anchored in 3 key dimensions, with different weighting between them based on employees' category segment according to level, responsibility and company results influence. Those 3 key dimensions are:

- Group's Performance (levelled on EBITDA and a defined performance pay-out curve).
- Individual objectives (aligned with business goals and measured by pertinent and clearly defined KPIs, including operational KPIs tied to Entity's operational risk management).
- Competencies and Values. Aligned with Allfunds Sweden' Core Values, will measure employees' behaviours through a competency model, as it is done with the current yearly assessment, being compliant with internal code of conduct and EBA and ESMA Guidelines.

In addition, where necessary, in case of material errors, omissions, fraud or misconduct of an employee, Allfunds has the authority to seek reimbursement ("Clawback⁴") or reduction/loss ("Malus") for any compensation deferred to any such employee. Moreover, Allfunds' remuneration principles according to the Global Policy do not allow any guaranteed variable remuneration except if it is expressly approved by the Company's Board and in any case shall be confined to the first year of employment and should be performed only when the entity has a base sound and solid capital.

The Company safeguards that its employees do not use personal risk hedging strategies or insurances to mitigate or eliminate the effects of an adjusted or cancelled deferred remuneration. At the same time, looking for that remuneration paid to an employee in conjunction with the termination of his/her employment reflects the employee's performance during the period of employment and is calculated in such a manner as not to reward unsound risk-taking.

⁴ Only if possible, according to local law, otherwise not implementable (f.i. Sweden).

Nevertheless, the Bonus payable will always be modulated by the corresponding business unit as well as by the Company's financial results, and will generally be reduced, proportionately, and may even be cancelled, in the event of a deficient performance by Allfunds Sweden. Additionally, if the Capital Ratio does not exceed the minimum established by the regulator, the Bonus payable will be revised so that the Company does not aggravate the regulatory breach.

Allfunds Sweden AB, as a non-significant firm in terms of remuneration policy application and in alignment with Allfunds Group remuneration policy, decided to neutralize the requirements in terms of payments in instruments to any member of the Identified Staff or senior management. The section below defines the applicable requirements for Allfunds Sweden that would be applied in the coming years, and that have already been analysed by the Company in order to evaluate its potential implementation, on stand-by subject to the latest publication of the new Capital Requirements Directive V and its potential effects (through its local transpositions) to the Company's regulatory consideration.

Despite the abovementioned, the settlement and payment of Annual Variable Remuneration to which, in the event, any member of the Identified Staff to whom payment in instruments measures of Variable Remuneration are applicable, must be in keeping with the following scheme:

- At least 50% of total variable remuneration shall consist of a balance of the capital instruments, as required by EBA guidelines. Considering the exceptional circumstances for ALLFUNDS for the 2019 and the possibility foreseen by EBA guidelines to implement simpler remuneration policy and approach in case of small and less complex institutions, for the current year the awarded variable remuneration will be paid all in cash, both for the up-front component and the deferred components, if applicable.

6.3. Risk Takers within Allfunds Sweden

"Staff whose professional activities have a material impact on an institution's risk profile" ("MRT")⁵ with a total variable remuneration equal to or exceeding SEK 100 000, shall have the remuneration deferred with 40% for a minimum of three to five years before the remuneration is paid out or the ownership is transferred to the MRT.

Total variable remuneration of the executive management⁶ and a MRT with an especially high variable remuneration⁷ shall be deferred with 60% for a minimum of three to five years.

Maximum variable remuneration for identified risk takers and MRT shall in no event exceed 100 % of their fixed salary (or 200% when applicable).

Deferred remuneration can be paid out once a year pro rata and the first payment can be paid out one year after the total variable remuneration was determined.

Further, the deferred payment for an individual employee mentioned above may be cancelled in part or in whole, if at a later stage, in connection with the end of the deferral period, it is demonstrated that Allfunds Sweden did not fulfil the performance criteria designated for it. Such a cancellation shall be applied only if the Company's financial stability is significantly weakened, whereby the Company no longer is considered to be able to continue conducting business.

Staff engaged in risk management, compliance and internal audit functions shall be remunerated in a manner that do not compromise the functions objectivity and is independent of the business performance of Allfunds Sweden and the business areas within the company. Additionally, in order to discourage excessive risk taking within Allfunds Group, some positions/functions within the Allfunds Group may not be permitted to have any specific revenue related goal in their cash based variable compensation scheme⁸.

6.4. Approval on Total Remuneration

Both the fixed salary and the total variable remuneration for identified Risk Takers of Allfunds Sweden should, on an annual basis or when significant changes occur, be reviewed and approved by the Board of Directors of the Company. Such approval should be duly documented and kept in line with the Regulations and this Policy.

⁵ Sw "anställda vars arbetsuppgifter har en väsentlig inverkan på företagens riskprofil" as set forth in FFFS 2011:1 (as amended).

⁶ Executive management shall have the same meaning as set forth in FFFS 2011:1 (as amended).

⁷ This also could apply to employees with a total variable remuneration equal to the total variable remuneration of the executive management because of MRT qualitative criteria identification.

⁸ The list of the individual employees belonging to such category, as they are from time to time, would be maintained by the Human Resources department of the Company.

7. GOVERNANCE AND CONTROL

This Policy and the definition of the scope of Risk Takers are subject to the approval of the Board of Directors. Furthermore, the Board of Directors shall be responsible for the application and follow up of the Policy.

Allfunds Sweden has appointed a person responsible for performing an independent judgment of this Policy and its remuneration system. The appointed person is also responsible for the preparation of decisions for the Board of Directors to resolve upon, *inter alia*, the remuneration to the executive management, certain employees and actions for follow-up and application of the Policy.

The Regulations stipulate that an independent control function shall, on an annual basis, monitor that the remuneration applied by the Company is in compliance with this Policy. The control function shall be independent of the business units they are monitoring, have appropriate authorizations and resources and receive remuneration independent of the business areas they are reviewing.

Based on the above, the Company shall engage its Internal Audit function to carry out, at least annually, the review of the Policy referred to above, if appropriate by commissioning the external auditors. When needed, the control function shall immediately report the results of its review to the Board of Directors at least annually and no later than in conjunction with the adoption of the annual accounts.

8. DISCLOSURE OF INFORMATION ON REMUNERATION

An account of the Company's remuneration shall be disclosed in conjunction with the adoption of the annual report in accordance with the applicable Regulations.

The Company shall present its account in the annual report, in an appendix to the annual report or on its website. If the account is not included in or appended to the annual report, the Company shall disclose in its annual report where the information is published. The information should be published in such a manner that the economic conditions for individual employees are not revealed.

The account shall be available for at least one year after its publication.

Information about the performed risk analysis shall be disclosed on Allfunds' website or in the respective annual reports.

Group's remuneration policy in force, as Allfunds Sweden AB one, is published and public as well in the corporate website.

Appendix I

Definition of Risk Takers

Employees belonging to such a personnel category in Allfunds Sweden AB who may, as part of his/her assignment, perform material influence on Company's risk exposure are considered as Risk Takers. In addition, all the categories of staff identified by any criteria below are considered as staff whose professional activities have a material impact on an institution's risk profile.

Criteria	#	Position
Qualit. 1	1	Chief Executive Officer*
Qualit. 2	2	Non-executive director
	3	Non-executive director
	4	Non-executive director
Qualit. 3	5	Non-executive director (Independent)
	6	Chief Executive Officer**
Qualit. 4	7	Risk Management Manager
	8	Compliance Officer
	9	Head of Internal Audit/IA Officer
Qualit. 9	10	Head of Legal/Legal Officer
	11	Head of HR
	12	Systems Manager
	13	Head of Investments
	14	Financial Officer

(*) Considering that the Company's management body is the Board of Directors, but that it currently does not have directors who perform executive functions, it is appropriate to include under this criterion as the entity's highest responsibility.

(**) Position identified pursuant to another qualitative criteria.

Where there is no local specific person assuming the roles above, the role is assumed by the relevant person at Allfunds Bank's headquarters.

The application of other qualitative and quantitative criteria confirms the above perimeter, as it is reflected in the Identified Staff Collective auto-evaluation analysis report for 2019.

Qualitative criteria

Staff shall be deemed to have a material impact on an institution's risk profile where any of the following qualitative criteria are met:

- (1) the staff member is a member of the management body in its management function;
- (2) the staff member is a member of the management body in its supervisory function;
- (3) the staff member is a member of the senior management;
- (4) the staff member is responsible and accountable to the management body for the activities of the independent risk management function, compliance function or internal audit function;
- (5) the staff member has overall responsibility for risk management within a business unit as defined in Article 142(1)(3) of Regulation (EU) No 575/2013⁹ which has had internal capital distributed to it in accordance with Article 73 of Directive 2013/36/EU that represents at least 2% of the internal capital of the institution (a 'material business unit');
- (6) the staff member heads a material business unit;
- (7) the staff member has managerial responsibility in one of the functions referred to in point (4) or in a material business unit and reports directly to a staff member identified pursuant to point (4) or (5);

⁹ "Business Unit" means any separate organisational or legal entities, business lines, geographical locations. "

- (8) the staff member has managerial responsibility in a material business unit and reports directly to the staff member who heads that unit;
- (9) the staff member heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology, or economic analysis;
- (10) the staff member is responsible for, or is a member of, a committee responsible for the management of a risk category provided for in Articles 79 to 87¹⁰ of Directive 2013/36/EU other than credit risk and market risk;
- (11) with regard to credit risk exposures of a nominal amount per transaction which represents 0.5 % of the institution's Common Equity Tier 1 capital and is at least EUR 5 million, the staff member:
- a) is responsible for initiating credit proposals, or structuring credit products, which can result in such credit risk exposures; or
 - b) has authority to take, approve or veto a decision on such credit risk exposures; or
 - c) is a member of a committee which has authority to take the decisions referred to in point (a) or (b);
- (12) in relation to an institution to which the derogation for small trading book business provided for in Article 94 of Regulation (EU) No 575/2013 does not apply, the staff member:
- a) has authority to take, approve or veto a decision on transactions on the trading book which in aggregate meet one of the following thresholds:
 - i. where the standardised approach is used, an own funds requirement for market risks which represents 0.5 % or more of the institution's Common Equity Tier 1 capital; or
 - ii. where an internal model-based approach is approved for regulatory purposes, 5 % or more of the institution's internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval); or
 - b) is a member of a committee which has authority to take decisions set out in point (a);
- (13) the staff member has managerial responsibility for a group of staff members who have individual authorities to commit the institution to transactions and either of the following conditions is met:
- a) the sum of those authorities equals or exceeds a threshold set out in point 11(a), point 11(b) or point 12(a)(i);
 - b) where an internal model-based approach is approved for regulatory purposes those authorities amount to 5 % or more of the institution's internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval). Where the institution does not calculate a value-at-risk at the level of that staff member the value-at-risk limits of staff under the management of this staff member shall be added up;
- (14) regarding decisions to approve or veto the introduction of new products, the staff member:
- a) has the authority to take such decisions; or
 - b) is a member of a committee which has authority to take such decisions;
- (15) the staff member has managerial responsibility for a staff member who meets one of the criteria set out in points (1) to (14).

Quantitative criteria

1. Subject to paragraphs 2 to 5, staff shall be deemed to have a material impact on an institution's risk profile where any of the following quantitative criteria are met:
- a) the staff member has been awarded total remuneration of EUR 500 000 or more in the preceding financial year;

¹⁰ Credit and counterparty risk, Residual risk, Concentration risk, Securitisation risk, Market risk, Interest risk arising from non-trading book activities, Operational risk, Liquidity risk and Risk of excessive leverage.

- b)** the staff member is within the 0.3 % of the number of staff, rounded up to the next integer, who have been awarded the highest total remuneration in the preceding financial year;
 - c)** the staff member was in the preceding financial year awarded total remuneration that is equal to or greater than the lowest total remuneration awarded in that financial year to a member of senior management or meets any of the criteria in points (1), (3), (5), (6), (8), (11), (12), (13) or (14) of the Qualitative criteria above.
- 2.** A criterion set out in paragraph 1 shall not be deemed to be met where the institution determines that the professional activities of the staff member do not have a material impact on the institution's risk profile because the staff member, or the category of staff to which the staff member belongs:
 - a)** only carries out professional activities and has authorities in a business unit which is not a material business unit; or
 - b)** has no material impact on the risk profile of a material business unit through the professional activities carried out.
- 3.** The condition set out in point (b) of paragraph 2 shall be assessed on the basis of objective criteria which take into account all relevant risk and performance indicators used by the institution to identify, manage and monitor risks in accordance with Article 74¹¹ of Directive 2013/36/EU and on the basis of the duties and authorities of the staff member or category of staff and their impact on the institution's risk profile when compared with the impact of the professional activities of staff members identified by the criteria set out in Article 3 of this Regulation.

¹¹ Directive 2013/36/EU, Article 74 Internal governance and recovery and resolution plans states in sub-section 1 that "Institutions shall have robust governance arrangements, which include a clear organisational structure with well- defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks they are or might be exposed to, adequate internal control mechanisms, including sound administration and accounting procedures, and remuneration policies and practices that are consistent with and promote sound and effective risk management".