

## **GUIDELINES FOR SALARY AND OTHER REMUNERATION TO SENIOR EXECUTIVES IN ALIMAK GROUP**

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At the Annual General Meeting held on May 5, 2022, it was resolved, in accordance with the Board's proposal, to adopt the following guidelines for salary and other remuneration to directors, President and Chief Executive Officer (CEO), and other senior executives. Senior executives refer to senior executives of the Group Leadership Team. These guidelines will be valid for agreements entered into after the general meeting's resolution and for changes made to existing agreements thereafter. These guidelines do not apply to remuneration decided or approved by the general meeting, for example director fees and share-based incentive programs.

### **The guidelines' promotion of the Company's business strategy, long-term interests and sustainability**

Information about the Group's business strategy can be found in the latest annual report at [www.alimakgroup.com](http://www.alimakgroup.com).

It is of fundamental importance to the Group and its shareholders that these guidelines, in both a short- and long-term perspective, create good conditions to attract and retain competent senior executives. The purpose of these guidelines is to increase transparency in remuneration issues and through relevant remuneration structures, create incentives for senior executives, to execute strategic plans and deliver effective operational results to support the Group's business strategy and long-term interests, including its sustainability. To obtain this, it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels. These guidelines ensure that senior executives, regardless of geographical market, may be offered a competitive total compensation.

### **Remuneration and forms of remuneration**

The terms of employment for senior executives should consist of a balanced combination of fixed remuneration, variable remuneration, pension and other benefits and terms for dismissal/ severance payment. Such a combination of compensation fosters and supports management and achievement of objectives in both a short and long-term perspective. The various types of remuneration that may be paid out are described below.

#### *- Fixed remuneration*

The fixed remuneration shall be individually determined and shall be based on each individual's responsibility and role as well as the individual's competence and experience in the relevant position.

#### *- Variable remuneration*

The variable remuneration shall be measured during a period of one year and be structured as a percentage rate of the fixed remuneration. The variable remuneration may be up to 70 per cent of the fixed remuneration for the CEO and up to 50 per cent for other senior executives.

Variable remuneration must be linked to predetermined and measurable goals that can be financial or non-financial and that promote the company's long-term and sustainable development. The goal formulation must be designed so that no variable remuneration is paid if a minimum level of performance is not met.

At the end of the annual measurement period, an overall performance evaluation shall be made to determine the extent to which the objectives have been achieved. The Remuneration Committee is responsible for the evaluation with respect to variable compensation to the CEO and other senior

executives. With regards to financial objectives, the evaluation shall be based on audited financial information made public by the Group.

- *Pension*

The main principle is that pension contributions are based on collective bargaining agreement provisions in each geographical market. On entering into new pension agreements, senior executives entitled to pension will have defined contribution pension agreements based on fixed remuneration. Variable remuneration shall constitute pensionable salary only when necessary to comply with mandatory collective bargaining agreement provisions applicable to the senior executive. Pensioning of senior executives takes place in accordance with the respective country's pension rules.

Pension agreements for the CEO shall be defined contribution based and must not exceed 40 per cent of the fixed remuneration.

For employments governed by rules other than Swedish, pension benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

- *Other benefits*

Other benefits, such as health and medical insurance must comprise a minor part of the total compensation and must correspond to what may be deemed market practice in each geographical market.

For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

- *Special remuneration*

Further special remuneration may be awarded for extraordinary arrangements provided that they are limited in time and are awarded on an individual basis. Examples of situations where special remuneration may be awarded are to recruit or retain executives, as remuneration for extraordinary performance beyond the individual's ordinary tasks and to induce individuals to move to new places of service or accept new positions. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

**Long-Term incentive program**

The general meeting can and has for a number of years, in addition to and independently of these and previous guidelines, decided on other long-term incentive programs. In 2021, the general meeting decided, for example, on the introduction of a long-term share-based incentive program in the form of a call option program. For more information about these programs, see the respective year's notice of the annual general meeting.

**Terms for dismissal etc.**

Terms for dismissal and severance pay shall correspond to what may be deemed market practice on each geographical market. The CEO has a notice period of 6 months on his/her part and 12 months on the part of the Company. Between the Company and other senior executives, a mutual notice period of 6 months normally applies. On entering into new employment agreements, agreement may be made with senior executives on severance pay corresponding to a maximum of 12 months' fixed remuneration. The foregoing applies only to notice given by the Company and, in general, the established practice in each geographical market where the executive works, applies.

**Remuneration payable to Directors**

In certain cases, Directors elected by the general meeting, should be able to receive fees and other remuneration for work carried out on behalf of the Group, alongside their Board work. Fees at market rates, approved by the other Board members, may be payable for such services.

No remuneration shall be paid to the Group's employees acting as directors on the boards of Group companies.

**Remuneration and employment conditions for other employees**

In the preparation of this proposal for guidelines, remuneration and employment conditions for employees of the Company have been taken into account by collecting information on the employees' total income, the components of the remuneration and increase and growth rate over time.

**The decision-making process to determine, review and implement the guidelines**

The Board resolves, after preparation by the Remuneration Committee, on the structures of remuneration systems, as well as levels and forms of remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall monitor and evaluate programs for variable remuneration for the Group executive management, the application of the guidelines as well as the current remuneration structures and compensation levels in the Group.

The members of the Remuneration Committee are independent of the Group and the executive management of the Group. The CEO and other members of the Group executive management do not participate in the Board' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

**Derogation from the guidelines**

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

**Miscellaneous**

Total remuneration and other benefits paid to senior executives during the year are disclosed in the annual report.