

## **The Board of Directors' of Eltel AB (publ) proposal regarding guidelines for remuneration to senior executives of the company**

The Board of Directors of Eltel AB (publ) proposes that the Annual General Meeting 2024 resolves to adopt guidelines for remuneration to senior executives on the following principal terms and conditions.

### **Scope and applicability of the guidelines**

These guidelines for remuneration to senior executives cover remuneration to the Board of Directors, the CEO, the Deputy CEO and other senior executives (the Group Management Team). The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting 2024. The guidelines apply until the general meeting resolves to adopt new guidelines for remuneration to senior executives. These guidelines do not apply to any remuneration decided or approved by the general meeting, e.g. remuneration to the Board of Directors and long-term incentive programmes, which are decided separately by the general meeting of shareholders.

The Board of Directors shall be entitled to temporarily deviate from these guidelines, in whole or in part, if special reasons justifies doing so in an individual case and such deviation is necessary in order to meet the Company's long-term interests and sustainability or to ensure the company's financial viability. If such a deviation occurs, it must be reported in the Remuneration Report before the next Annual General Meeting. As set out below, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration related matters, including potential matters regarding deviation from the guidelines.

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

The Board of Directors considers that a prerequisite of the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain a highly competent management with capacity of achieving specified goals. To this end, it is necessary that the company can offer competitive remuneration to motivate senior executives to do their utmost. Variable cash remuneration covered by these guidelines shall be based on criteria that aim at promoting the company's business strategy and long-term interests, including its sustainability, and where the fulfilment of the criteria is determined by the method set out below. For a description of the company's strategy, please refer to [www.eltelgroup.com/investors/investor-information/strategy-and-targets/](http://www.eltelgroup.com/investors/investor-information/strategy-and-targets/).

### **Forms of remuneration, etc.**

The remuneration to senior executives shall be based on market terms. The remuneration may consist of fixed base salary, variable remuneration, pension, and certain other benefits. In addition, the general meeting may – regardless of these guidelines – resolve on share-related or share price-related remuneration.

#### ***Fixed base salary***

Fixed base salary for senior executives are reviewed yearly and in accordance with local practices. The fixed base salary constitutes 60-80% of total remuneration excluding LTI and assuming a 50% outcome of STI.

#### ***Cash short-term incentives (STI)***

The aim of the short-term incentive is to reinforce the right performance and behaviours – financially and operationally – and to align the individual performance with the company's business strategy, long-term interests, and sustainability.

The key performance criteria for senior executives are primarily financial and include Net sales, EBITA, Net Working Capital, Operative cash flow, Safety measured as the Lost-Time Injury Frequency Rate and/or ESG. A minor part of certain senior executives' key performance criteria can be discretionary under special circumstances.

The minimum financial performance of the company for any STI pay-out is defined by the Board of Directors as a level of result in EBITA. This level is set to guarantee a lowest level of earnings for the company before any STI pay-out is made.

The short-term incentives can amount to a maximum of 80% of the fixed base salary for the CEO and 60% for other senior executives. At full outcome, the short-term incentives can amount to a maximum of 45% of total remuneration for the CEO and maximum of 40% for other senior executives.

Unless otherwise provided by mandatory law or obligations in applicable collective bargaining agreements, short-term incentives shall not entail any deposition of pension.

The STI is paid in connection with the ordinary monthly salary that is paid four months after the end of the qualifying period. The company is not able to recover remuneration paid out as STI.

In specific situations, for example in relation to potential divestments, M&A or specific projects, the company may offer cash bonuses that are conditional on the success of the specific transaction or project.

### ***Long-term Incentives (LTI)***

Senior executives can be offered share-related or share price-related remuneration. LTI are intended to improve the participants' commitment to the company's development and they shall be implemented on market-based terms. Resolutions on incentive programmes related to shares and share prices must be passed at the general meeting and are therefore not covered by these guidelines.

### ***Other benefits***

Pension

Senior executives are offered pension benefits that are primarily based on defined insurance payments and in accordance with local practices. The pension benefits are generally funded through payments to insurance companies or trustee-administered funds.

Company car, etc.

Senior executives are offered a company car and other benefits (such as allowances to physical activity, personal health, lunch facilities, health insurance etc) in accordance with local rules, regulations, and practices in each country.

Other benefits constitute 4-14% of total remuneration excluding LTI and assuming a 50% outcome of STI.

### **Notice of termination and severance pay**

The senior executives' employment or contractual agreements shall be valid until further notice or for a specified period of time.

The notice period is twelve months for the CEO in the event of termination by the company and twelve months in the event of termination by the CEO. In the event of termination by the company, the CEO is entitled to a severance pay equivalent of twelve months' fixed base salary and payable in one sum. The total amount of the salary and severance payment for the CEO may not exceed an amount corresponding to two years' fixed base salary.

The notice period is twelve months for other senior executives in the event of termination by the company and six months in the event of termination by other senior executives. No other senior executive than the CEO is entitled to severance payment.

### **Salary and terms of employment for employees**

In preparing the Board of Directors' proposal for these remuneration guidelines, the salaries, and terms of employment for the company's employees have been taken into account.

Information about employees' total remuneration, components of their remuneration as well as increases in remuneration and increases over time have been obtained and have constituted a part of the Remuneration Committee's and the Board of Directors' decision basis in their evaluation of the fairness of the guidelines and the limitations arising from them.

### **The resolution process**

The Board of Directors shall prepare a proposal for new guidelines when there is a need for significant changes to the guidelines, however at least every four years. The Board of Directors' proposal is prepared by the Remuneration Committee. The chairman of the Board of Directors may chair the Remuneration Committee. In order to manage conflicts of interest, other members of the Remuneration Committee who are elected by the Annual General Meeting must be independent in relation to the company and the senior executives.

The Remuneration Committee shall, inter alia, monitor and evaluate the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting. When the Remuneration Committee has prepared the proposal, it is submitted to the Board of Directors for decision. The CEO or other senior executives shall not be present while the Board of Directors address matters related to remuneration and passes resolutions about them, insofar as they are affected by the matters.

If the Annual General Meeting does not resolve to adopt guidelines when there is a proposal for such, the Board of Directors shall submit a new proposal no later than the next Annual General Meeting. In such cases, remuneration shall be paid in accordance with the current guidelines or, if no guidelines exist, in accordance with the company's practice.

External advisors are used in the preparation of remuneration-related matters when deemed necessary.

### **Review of the guidelines**

A review of the guidelines for remuneration to senior executives which were adopted by the Annual General Meeting 2020 has been made. No opinions from the shareholders have been submitted in respect of the aforementioned guidelines. The proposed changes pursuant to this proposal do not entail any material changes compared to the guidelines adopted by the Annual General Meeting 2020.