

Guidelines of remuneration of senior executives

The 2022 AGM adopted the following guidelines for remuneration to senior executives to apply until further notice, however no longer than until the 2026 AGM.

The proposal to the 2022 AGM is mainly in accordance with the guidelines adopted at the AGM 2021 and what have been in practice in AQ Group for many years. The shareholders have not made any comments on the guidelines.

The guidelines cover the CEO, and the other senior executives in AQ Group's Group Management, where AQ Group is the parent company and for CEO's in AQ Groups subsidiaries. To the extent that a board member receives salary or fee for assignments in addition to the board assignment, the guidelines also apply to such remuneration. For the composition of Group Management, see the Annual report.

Only remuneration according in accordance with agreements entered into or changed after the guidelines have been approved by the AGM is covered.

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

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including sustainability, presupposes that the company can recruit and retain qualified employees. AQ Group shall have the remuneration levels and terms of employment required to ensure the company's access to executives with the necessary competence and capacity to achieve set goals and costs adapted to the company.

Remuneration forms

The CEO's and other senior executives' remuneration may include fixed base salary, variable remuneration, pension benefits, share- and share price-based incentive programmes and other benefits. The starting point for salary and other remuneration to senior executives in AQ Group AB is that they should be market based and customized to the company's expenses and give the company the possibility to recruit and retain senior executives the company needs to achieve its long-term and short-term targets and will support the business strategy and contribute to sustainability.

Fixed base salary

The basis for remuneration to senior executives is that remuneration is paid in the form of a market-based fixed salary that must be individually determined based on the above criteria and the respective executives' position, experience and special competence.

Variable remuneration

In addition to the fixed base salary, variable remunerations can, where applicable, be offered to the senior executives. The variable remunerations shall depend on the fulfilment of defined and measurable target criteria which seeks to promote the company's business strategy, sustainability and long-term value. These criteria include profit, cash flow and inventory turnover rate. The variable remuneration may be paid either as cash remuneration or additional premium payments to pension insurance. The variable remuneration shall not exceed 100 % of the fixed salary in amount.

Pension benefits

The senior executives' pension terms shall be in accordance with market conditions in relation to what generally applies to the equivalent executives on the market, and also individually customized in accordance with the respective executive's position and special competence as well as adapted to the company's costs. Pension provisions shall be defined contribution and shall not exceed 35 % of the fixed salary. Occasional exceptions to this are allowed for the senior executives who have a collectively agreed pension within the ITP2 plan in Sweden.

Non-monetary benefits

The senior executives' non-monetary benefits (e.g. mobile phones and computers) shall facilitate the work performance and correspond to what can be considered reasonable in relation to market practice.

Share and share price-based incentive programme

All share and share price-based incentive programme shall be resolved by the General Meeting.

Termination notice and severance pay

Fixed base salary during the notice period shall not exceed twelve months' salary for the senior executives. Severance pay does not occur.

Salary and employment conditions for employees

In the preparation of the Board of Director's proposal for these remunerating guidelines, salary and employment conditions for employees of the company have been considered by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board of Director's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Departures from the guidelines

The Board of Directors may derogate from the guidelines, temporarily or in fully, if there are special reasons for this in an individual case and derogation is necessary to serve the company's long term-interest, including sustainability, or assure its viability. Such deviations may occur upon a decision by the Board of Directors in the individual case, for example when hiring a new CEO or other senior executives with regard to both fixed base salary, variable remuneration and pension terms, however, taking into account that the terms must be market-based and competitive. If such derogation occurs, the derogations shall be reported in the remuneration report for the next AGM.

Other

For further information on remuneration, see note 11 in the Annual report.

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

The Board of Directors has established a compensation committee. The committee's duties include to present proposals for guidelines for remuneration to senior executives. The Board of Directors shall establish a proposal of guidelines for remuneration at least every four years and present the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting. The Board of Directors shall also monitor and evaluate programs for variable remuneration for Group Management, the implementation of guidelines for remuneration to senior executives, as well as current remuneration structures and remuneration levels in the company. In the Board of Director's processing of and decision on

remuneration issues, the CEO and other members of Group Management, do not attend to the extent that they are affected by the issues.