

# Guidelines for Executive Remuneration

## 1 Guidelines for executive remuneration

The Board proposes the following guidelines for remuneration to the CEO and other persons in the executive management of engcon AB (“engcon” or the “Company”) (jointly the “executive management”).

These guidelines shall also apply to members of the Board of the Company, to the extent they receive remuneration that is not related to their board assignments. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2022. These guidelines do not apply to any remuneration decided or approved by the general meeting.

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

For information regarding the Company’s business strategy, please see engcon’s website [www.engcon.com](http://www.engcon.com).

A prerequisite for 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 qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company’s business strategy and long-term interests, including its sustainability. This is ensured by way of linking the financial and non-financial targets that determine if variable cash remuneration shall be payable to the Company’s business strategy and sustainability agenda. The variable cash remuneration is further explained in the section “Variable cash remuneration” below.

Long-term share-related incentive programs have been implemented in the Company. Any future such program will be resolved by the general meeting and are therefore excluded from these guidelines.

## 2 Types of Remuneration, etc

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Fixed salary and variable remuneration shall be in proportion to the responsibilities and authorities of the executive.

### 2.1 Fixed salary

The fixed salary shall consist of a fixed annual cash salary. The fixed salary shall be in line with the market and determined taking into account responsibility, expertise and performance. The fixed salary is reviewed every year.

### 2.2 Variable cash remuneration

The satisfaction of criteria for awarding variable cash remuneration shall be able to be measured over a period of one year. The variable cash remuneration may amount to not more than 50 percent of the total annual fixed cash salary.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board, with support from the remuneration committee, is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO, with support from the remuneration committee, is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

The criteria for variable cash remuneration shall be designed in a manner to allow the Board, in cases of exceptional financial circumstances, to limit or stop payment of variable cash remuneration where such remuneration would be considered unreasonable and incompatible with the Company's responsibilities towards its shareholders, employees and other stakeholders. Further, it shall be possible to limit or stop payment of variable cash remuneration if the Board would resolve that it is reasonable for other reasons. The Board shall also be entitled to reclaim already paid variable cash remuneration when in cases where it is later discovered that the executive has violated the Company's values, policies, standards or instructions.

### **2.3 Pension**

Pension benefits shall solely contain defined contribution pension benefits, unless the executive is subject to defined benefit pension under applicable collective agreement provisions. The defined contribution pension shall have a total maximum of 35 percent of the fixed annual cash salary. The CEO's variable cash remuneration shall not qualify for pension benefits. Any other executive's variable cash remuneration shall qualify for pension benefits unless otherwise stated by the executive's individual agreement.

### **2.4 Other benefits**

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than 15 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and 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.

Executives who are expatriates to or from Sweden may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 35 percent of the fixed annual cash salary.

## **2.5 No Board fees**

No board fees are to be paid to members of the executive management for the participation on the Boards of subsidiaries.

## **3 Remuneration to board members in addition to the board fee**

If a Board member, who is elected by the general meeting and is not employed by the Company, carries out work for the Company in addition to his/her duties as Board member, the Board member may be entitled to consulting fees or other customary remuneration. The Board shall decide if consulting fees or other customary remuneration shall be payable.

## **4 Termination of employment**

Upon termination of an employment by the Company, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for 24 months. When termination is made by the executive, the notice period may not exceed 6 months, without any right to severance pay. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay.

## **5 Salary and employment conditions for employees**

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the difference between the remuneration to senior executives and the remuneration to other employees will be reported in the remuneration report.

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

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting, but shall be annually reviewed by the remuneration committee which thereafter shall present proposals on amendments to the guidelines, if any. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

## **7 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.

## **8 Publication of the guidelines**

The guidelines shall be kept available on the company's website no later than two weeks after the Annual General Meeting and for as long as the guidelines apply.