

## **The Board of Director's proposed guidelines for remuneration and other terms of employment for Senior Executives**

The board of directors proposes that the that the following principles for remuneration for senior executives shall be applied.

These guidelines cover the President and other senior executives. The guidelines shall apply to remunerations to senior executives that are agreed upon, and any changes made to already agreed remuneration, once the guidelines have been adopted. The guidelines do not cover remunerations decided by the AGM.

*The guidelines promote the company's business strategy, long-term interests and sustainability*

Information on the company's business strategies and long-term interests, including sustainability, is available on the company's website [www.bts.com](http://www.bts.com).

Successful implementation of the company's business strategies and safeguarding the company's long-term interests, including sustainability, rely on the company recruiting and retaining highly skilled employees. The company must be able to offer competitive remuneration, these guidelines enable senior executives the ability to offer such remuneration.

### *Types of remuneration*

Remuneration for senior executives shall be market-related and may consist of fixed basic salary, variable remuneration, pension and other benefits. In addition to, and independent of these guidelines, the AGM can for example decide on share and share price related remuneration.

Fixed basic salary shall be individual for each executive and shall be reviewed regularly (usually annually) and be based on the executive's position, responsibilities, competence, experience and performance.

Variable remuneration shall be based on predetermined and measurable criteria, designed to promote long-term value creation. The variable remuneration may not exceed 300 percent of the yearly fixed basic salary. The variable remuneration shall not be included in pension calculations, unless otherwise stated in forced collective agreements.

Pension benefits shall be defined contribution so long as the executive is not covered by other defined benefit pensions under forced collective agreements. The ordinary retirement age follows the retirement age determined by law. The Presidents pension benefits shall not exceed 35 percent of the annual salary. For other senior executives the pension benefits shall not exceed 30 percent of their annual salary.

*Other benefits* may include car benefits, company healthcare, life and health insurance as well as other similar benefits. Other benefits shall represent a smaller proportion of the total remuneration and may not exceed 10 percent of the executive's annual salary.

*Adaptation to foreign regulations.* For employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments are made to comply with such rules or firm local practice, whereby the general purpose of these guidelines, as far as possible, shall be met. Deviation from these guidelines shall be included in the board of directors' annual report on paid and outstanding remuneration covered by the guidelines.

*Criteria for payment of variable remuneration.*

The criteria for payment of variable remuneration shall be determined yearly by the board of directors to ensure the criteria are in line with the company's current business strategies and performance. The criteria shall be individual or common, financial or non-financial and shall be outlined in such way that they promote the company's business strategies, sustainability strategies and long-term interests.

Financial criteria for possible variable remuneration shall be based on relevant financial ratio and its composition may vary depending on what phase the board of directors deems the company to be in.

Non-financial criteria for possible variable remuneration shall be linked to clear and measurable company related goals, such as the conclusion of agreements that are important to the company, completion of activities related to the business plan, expansion/establishment as well as achieved goals within the frame of the companies sustainability work.

The period forming the basis for assessing if the criteria has been achieved or not shall amount to no less than a quarter. The assessment shall be undertaken after the agreed period has expired. The Board of Directors is responsible for the assessment regarding the President. The President is responsible for the assessment regarding other senior executives. The assessment whether financial criteria have been achieved will be decided by the accounting and the latest official information from the company.

*Salary and terms of employment for the company's employees*

In preparing the Board of directors' proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been taken into account by the fact that information on employees' total remuneration, the components of the remuneration and the increase and rate of remuneration over time formed part of the Board of directors' decision basis when evaluating the reasonableness of the guidelines and the limitations of the guidelines. The development of the distance between the remuneration of the senior executives and the remuneration of other employees will be reported in the remuneration report.

*Termination of employment and severance pay*

The period of notice, if served by the company, shall be no more than 12 months for senior executives, and no more than 6 months if served by the senior executive. Severance pay is only paid to the President and for a maximum of 12 months.

*Decision process to determine, review and implementation of the guidelines*

The Board of directors decides on guidelines for remuneration to senior executives. The Board of directors shall also monitor and evaluate ongoing and completed programs for variable remuneration for senior management during the respective fiscal years, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company.

The Board of directors shall annually prepare proposals for new guidelines and submit the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM.

When the Board of directors is deciding on matters relating to remuneration in accordance with these guidelines, the President or other senior executives are not present, if affected by these matters.

*Deviation from the guidelines*

The board of directors may decide to temporarily deviate from the guidelines (in whole or in part), if there are special reasons in an individual case and a deviation is necessary to meet the company's long-term interests and sustainability or to ensure the Group's financial viability.

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BTS GROUP AB (PUBL)  
Stockholm in June 2022  
*The Board of Directors*