

## Guidelines for remuneration to senior executives

***The Guidelines for remuneration to senior executives was adopted by the Annual General Meeting of Hexatronic Group AB (publ), May 7, 2024.***

### **Scope**

These guidelines encompass the Executive Management of Hexatronic Group AB (publ) ('Hexatronic') and the company's Board Members to the extent that remuneration, other than that decided at the AGM, is paid to Board Members. Executive Management refers to the CEO, Deputy CEO, CFO and other members of the Executive Management. Other members of the Executive Management refer to people who are part of the management team and managers who are directly subordinate to the CEO. The managers who are directly subordinated to the CEO may change over time. Currently the Deputy CEO, CFO, Logistics Director, Business Development Director, Digital Marketing Officer and some of the Presidents of Hexatronic's subsidiaries are directly subordinated to the CEO.

The guidelines are prospective and shall be applied to remuneration that is agreed, and to changes made to already agreed remuneration, after the guidelines are adopted by the 2024 AGM. The guidelines do not cover remuneration decided by the general meeting of shareholders.

As regards employment conditions that comply with rules that are not Swedish, appropriate adaptations may be made to follow mandatory such rules or set local practices, whereby the overall objectives of these guidelines are met as far as possible.

### **Promoting the company's business strategy, long-term interests and sustainability**

The company strives for greater global presence, where Hexatronic's products and solutions are connected in more and more systems. The company's business concept is with smart, reliable product and system solutions for passive fiber infrastructure to accelerate the digital transformation for the benefit of businesses, individuals and society at large.

Successful and sustainable implementation of the company's business strategy in the long run requires the company to be able to recruit and retain qualified employees. For this the company must be able to offer competitive remuneration. These guidelines make it possible to offer senior executives a competitive total remuneration package.

Variable cash payments covered by these guidelines should also aim to promote the company's business strategy and long-term interests, including its sustainability.

### **Remuneration to senior executives**

#### Forms of remuneration etc.

Hexatronic shall offer total compensation at market rates to facilitate the recruitment and retention of qualified senior executives. Remuneration from Hexatronic should be based on the principles of performance, competitiveness and fairness. Remuneration to senior executives shall comprise fixed remuneration, variable remuneration, share and share price-based incentive programmes, pension and other benefits. Variations in the remuneration principles are permitted where they are justified by local conditions.

Fixed remuneration shall take into account the individual's experience and areas of responsibility. Fixed salaries shall be reviewed annually. Variable remuneration may be up to 50% of the annual fixed salary for members of the Executive Management. Variable cash

payments covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability, by having a clear link to the business strategy or promoting the senior executive's long-term development, for example.

It must be possible to measure whether or not the criteria for variable cash payments have been met over a period of one year. Variable remuneration shall be linked to predetermined, quantifiable criteria, established with the aim of promoting the company's longterm value creation. When the measurement period for meeting the criteria for variable cash payments has ended, it must be judged/established to what extent the criteria have been met. The Remuneration Committee is responsible for the assessment regarding variable cash payment to the CEO. As regards variable cash payments to other senior executives, the CEO is responsible for the assessment. Financial goals shall be assessed based on the latest financial information published by the company.

#### Pension

For the CEO and other senior executives, pension benefits shall be based on how much is paid in, i.e. the pensions are defined contribution plans.

The pension contributions for the CEO and the Deputy CEO's defined contribution pension can be up to 30% of the pensionable salary. The retirement age for other senior executives varies between 60 and 67 years and the pension contribution can be up to 30% of the pensionable salary. Variable cash payments shall not be pensionable.

Other benefits may include life assurance, health insurance and car benefits, for example. Such benefits shall not account for a material portion of the total remuneration.

#### Cash payment

Additional cash payments may be made in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and are only made at an individual level, either with the aim of recruiting or retaining senior executives, or as remuneration for extraordinary work efforts beyond the person's regular work duties. Such remuneration shall be professionally motivated, proportionate to the individual's fixed salary and shall not be paid more than once a year per individual. Decisions about such remuneration shall be made by the Board on the proposal of the Remuneration Committee.

In addition the AGM can, if agreed, offer long-term incentive programmes, such as share or share price-related remuneration or incentive programmes. Such long-term incentive programmes are agreed by the general meeting of shareholders and are therefore not covered by these guidelines.

#### Criteria for paying variable remuneration etc.

Variable remuneration shall be linked to pre-determined, quantifiable criteria that may be financial or non-financial. It must be possible to measure whether or not the criteria for short-term variable remuneration have been met over a period of one year. The criteria may also comprise individually adapted quantitative or qualitative goals. The criteria for both shortterm and long-term variable remuneration shall be structured so that they promote the company's business strategy and long-term interests, including its sustainability, by having a clear link to the business strategy or promoting the senior executive's long-term development, for example.

When the measurement period for meeting the criteria for variable remuneration has ended, it must be established to what extent the criteria have been met. The Remuneration

Committee is responsible for carrying out this assessment. As regards financial goals, the assessment shall be based on the latest financial information published by the company.

By law or in accordance with agreements and subject to the resulting limitations, the Board shall be able to wholly or partially reclaim variable remuneration paid out on false grounds.

### **Remuneration to Board Members**

Remuneration to Board Members for their work on Hexatronic's Board of Directors is determined by the general meeting of shareholders. Board Members are only entitled to receive such fees as agreed by the general meeting of shareholders. Additional remuneration may, however, be paid for services carried out by Board Members for Hexatronic within their respective areas of expertise, provided that said service is outside of what is considered to be the normal assignment for Board Members. Such remuneration shall be at market rates and settled in a consultancy agreement approved by the Board.

### **Terms of employment**

#### Salary and terms of employment for employees

When drafting the Board's proposal for these remuneration guidelines, the salary and terms of employment for the company's employees were taken into account by using information about employees' total remuneration, components of the remuneration, increases in remuneration and the rate of increase over time as part of the basis for the Remuneration Committee and Board's decision when evaluating the fairness of the guidelines and the resulting limitations.

#### Termination of employment

A notice period of six (6) months shall apply if the CEO resigns. No severance pay shall be forthcoming.

If employment is terminated by the company, the notice period for the CEO may be up to twelve (12) months. Severance pay is only paid from the CEO's 50th birthday and then amounts to one month's salary for each year over 50 when the CEO is given notice. For example, if the CEO is given notice at the age of 51, the severance pay will amount to one (1) month's salary, and at the age of 52 it amounts to two (2) months' salary, etc. No deductions are made from severance pay for other income.

There is a mutual period of notice of a minimum of three (3) and a maximum of twelve (12) months between the company and other senior executives. No severance pay shall be forthcoming.

Furthermore, remuneration for restraint-of-trade obligations will be paid to the CEO and other senior executives alike when employment is terminated with the aim of compensating for any loss of income.

For the CEO, such remuneration is only paid to the extent that they are not entitled to severance pay.

The remuneration shall be the difference between the fixed cash salary at the time of termination and any lower income earned in the new business, but up to 60% of the fixed cash salary. Remuneration shall be paid for the time the restraint-of-trade obligation applies, which shall be up to 6 months after termination of employment.

### **Decision-making process, changes and deviations etc.**

The decision-making process for establishing, reviewing and implementing the guidelines

The entire Board constitutes the Remuneration Committee. The Committee's duties include drafting the Board's decisions on proposed guidelines for remuneration to senior executives. The Board shall draw up proposals for new guidelines at least every four years and present the proposal at the AGM for a decision. The guidelines shall apply until new guidelines have been adopted by the general meeting of shareholders. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration for the Executive Management, the application of the guidelines for remuneration to senior executives, as well as applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and Executive Management. When the Board deals with and decides on remuneration related issues, the CEO or other members of the company management are not present to the extent that they are affected by the issues.

#### Deviating from the guidelines

The Board may temporarily deviate from the guidelines, wholly or partially, in individual cases, if there are special reasons for doing so and a deviation is necessary in order to satisfy the company's long-term interests, including its sustainability, or to safeguard the company's financial strength. As stated above, the Remuneration Committee's duties include drafting the Board's decisions on remuneration issues, which includes decisions on deviating from the guidelines.

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