



## The Board's of MilDef Group AB (publ), reg. no 556893-5414, proposal for guidelines for remuneration to senior executives

The Board of MilDef Group AB proposes that the AGM 2022 resolves on guidelines for remuneration to the managing director and other senior executives as follows. Other senior executives are defined as members of the group management. To the extent that a board member of the company performs work for the company in addition to their duties on the Board of Directors, these guidelines shall also apply to any compensation paid to the board member for such work. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2022. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

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

For information about the company's business strategy, please visit [www.mildef.com](http://www.mildef.com).

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, requires that the company is able to attract and retain competent senior executives. This requires that the company is able to offer market-based and competitive remuneration. These guidelines enable senior executives to be offered competitive, overall remuneration.

Variable cash compensation covered by these guidelines shall strive to promote the company's business strategy and long-term interests, including its sustainability.

### Remuneration components

The remuneration shall be in accordance with market conditions and shall consist of fixed cash salary, variable compensation, other benefits and pension. The General Meeting may additionally – and irrespective of these guidelines – decide on, for example, share- and share-price-related incentive programs.

Compensation may also be paid in the form of a consulting fee to a board member who performs work for the company in addition to his or her duties on the Board.

Compliance with criteria for payment of variable cash compensation should be able to be measured over a period of one year. The variable cash compensation has a fixed upper limit and may amount to a maximum of 35 percent of the fixed annual cash salary.



### Pension

Senior executives are entitled to pension plans in accordance with agreements with the company. Pension commitments shall, as a general rule, be defined-contribution plans, and comply with the company's pension plan according to which pension provisions are made at 4.5 percent for salaries portions up to 7.5 income base amounts and 30 percent for salaries portions over 7.5 income base amounts. A departure from this general rule may be made when appointing new senior executives whose employment contracts already include defined-benefit pension plans, or if the senior executive is covered by a defined-benefit pension in accordance with mandatory collective agreement provisions. The pension premiums for defined-contribution pension plans shall amount to a maximum of 30 percent of the fixed annual cash salary. Pension provisions shall not be made on variable cash compensation and other salary benefits, except to the extent that this is required by mandatory collective agreement provisions applicable to the senior executive.

### Non-monetary benefits

Other benefits may include life insurance and health insurance, among other things. Premiums and other costs arising from such benefits may not amount to a total of more than 5 percent of the fixed annual cash salary.

### Consultancy fees

In cases where a board member (including through a wholly-owned company) performs work for the company in addition to the work of the Board of Directors, special fees may be paid (consulting fees). The fee shall be based on the prevailing market price and shall be set in relation to the benefit to the company.

### Foreign relationships

In the case of employment relationships that are subject to rules other than Swedish ones, appropriate adjustments may be made in order to comply with mandatory rules or established local practice, with the overall purpose of meeting the guidelines as much as possible.

### Criteria for the distribution of variable cash compensation, etc.

The variable cash compensation shall be linked to predetermined and measurable financial targets. These targets shall be designed to promote the company's strategy and long-term interests, including its sustainability, for example by clearly linking with the strategy or promoting the senior executive's long-term development. Variable compensation is divided into three different programs based on gross profit, revenue and operating profit (EBITDA). The criteria for variable cash compensation are designed to contribute to the company's business strategy, long-term interests, and sustainability.

The company's President and other senior executives are entitled to all programs.



Once the measurement period has been completed, the extent to which the targets have been met shall be determined. Assessments regarding whether financial targets have been achieved shall be based on established financial reporting for the current period. The Remuneration Committee is responsible for evaluating the variable cash compensation to the President. In terms of variable cash compensation to other senior executives, the President is responsible for the assessment.

#### Advance notice and severance pay

The agreed period of advance notice shall be a maximum of twelve months for the President and the deputy Managing Director and CFO, and a maximum of six months for other senior executives. Severance pay shall not be paid.

#### Anchoring in salary and employment terms

Salary and employment terms for the company's employees have been taken into account in the preparation of the remuneration guidelines. Information regarding employees' total remuneration, the components of remuneration, the increase in remuneration and the rate of increase over time have been part of the decision-making process of the Remuneration Committee and the Board of Directors in evaluating the fairness of the guidelines and the limitations resulting from them. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

#### Decision processes

The Remuneration Committee of the Board of Directors make proposals and the Board of Directors makes decisions regarding salary and other terms for the President. The President makes proposals and the Remuneration Committee makes decisions regarding salary and other terms for other senior executives.

The duties of the Committee include preparing the Board's resolution for proposed guidelines for remuneration to senior executives. The Board of Directors shall prepare proposals for new guidelines at least every four years and present the proposal for resolution at the Annual General Meeting. The guidelines shall remain in effect until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also follow and evaluate programs for variable compensation to senior executives, the application of guidelines for remuneration to senior executives, and the applicable remuneration structures and levels in the company.

The members of the Remuneration Committee are independent in relation to the company and the company management. The President or other members of the executive management, insofar as they are affected by these issues, do not take part in the Board's deliberations and decisions on matters related to remuneration. To the extent that consulting services are provided by a member of the Board of Directors of the company, the member concerned shall not be entitled to participate in the preparation of matters relating to remuneration by the Board of Directors (or the Remuneration Committee) for the consulting services in question.



The Board shall annually draw up a remuneration report that shall be presented to the AGM for approval.

Deviations from the guidelines

The Board of Directors may temporarily deviate from the guidelines in whole or in part if there are particular reasons for doing so in a particular case, and a deviation is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability. Deviations must be reported and justified in the subsequent remuneration report. As stated above, the duties of the Remuneration Committee include the preparation of the Board's resolutions regarding remuneration issues, which includes resolutions regarding non-compliance with the guidelines.

Description of material changes of the guidelines and how the shareholders' opinions are considered

No material amendments have been made to the guidelines. In relation to the guidelines for remuneration to senior executives adopted on the AGM 2021, the criteria for distribution of variable cash compensation have been amended since the previous program regarding general cost reductions has been discontinued. The proposed guidelines also include certain clarifications in accordance with applicable law as well as editorial amendments.

No remarks on the remuneration guidelines have emerged.

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Helsingborg in April 2022  
MilDef Group AB (publ)  
Board of Directors