

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

The Board of MilDef Group AB proposes that the AGM 2024 resolves on guidelines for the remuneration of the managing director and other senior executives as follows.

Senior executives, including the President and CEO and other members of the group management are covered by these guidelines. To the extent that a board member of the company performs work for the company in addition to his or her board assignment, these guidelines shall also apply to any remuneration paid to the board member for such work. The principles are forward-looking, i.e. they apply to agreed remuneration and changes to already agreed remuneration, after the guidelines have been adopted by the AGM 2024. These principles do not apply to any remuneration decided or approved by the AGM.

MilDef is a system integrator and end-to-end provider specializing in rugged IT for the defense sector, public sector and critical infrastructure. As a leading provider of tactical IT, MilDef has linked its strategies to expansion in the three areas of hardware, services and software. Characteristic of MilDef's offering in these areas is robustness, security and customization - constantly relevant areas that are further highlighted by increasing demands for efficient and secure IT systems that safeguard critical infrastructure. Three growth pillars build MilDef's future expansion and form the basis of the company's strategy: internationalization, portfolio development and acquisitions. For further information on MilDef's strategy, see www.mildef.com.

A prerequisite for successfully implementing MilDef's business strategy and safeguarding the company's long-term interests, including its sustainability work, is that MilDef can recruit, develop and retain qualified senior management. For this reason, it is necessary that MilDef offers market-based and competitive remuneration. These guidelines enable MilDef to offer senior executives competitive remuneration packages. Any variable cash remuneration covered by these principles should aim to promote the Group's business strategy and long-term interests, including its sustainability profile.

Remuneration components

The remuneration shall be on market terms and consist of fixed cash salary, variable remuneration, pension and other benefits. In addition - and independently of these guidelines - the general meeting may decide on, for example, share and share price-related incentive programs. Remuneration may also be paid in the form of consulting fees to board members who perform work for the company in addition to their board assignment.

Fixed cash salary

The fixed cash salary shall be determined on the basis that it shall be competitive together with other remuneration components. The absolute level shall be determined based on the position in question and the individual's competence, experience and performance. The fixed cash salary shall be reviewed annually.

Variable remuneration

The fulfilment of the criteria for the payment of variable cash remuneration shall be measured over a period of one year. The variable cash remuneration has a fixed upper limit and may amount to a maximum of 35% of the fixed annual cash salary. Variable remuneration shall be pensionable only to the extent required by binding collective agreement provisions or local legislation.

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the President and CEO shall be made by the Board based on a proposal from the Remuneration Committee. Any resolution on such remuneration for other senior executives shall be made by the Remuneration Committee based on a proposal from the President and CEO.

Pensions

Senior executives are entitled to pension solutions under an agreement with the company. As a main rule, pension commitments shall be defined contribution, and follow the company's pension plan according to which pension provisions are made with 4.5 percent for salary portions up to 7.5 income base amounts and with 30 percent for salary portions above 7.5 income base amounts. Deviations from this main rule may be made when appointing new senior executives whose employment contracts already include defined benefit pension plans or if the executive is covered by a defined benefit pension under mandatory collective agreement provisions. The pension premiums for defined contribution pensions shall amount to a maximum of 35 percent of the fixed annual cash salary. Pension provisions shall only be made on variable cash remuneration and other salary benefits if required by mandatory collective agreement provisions applicable to the executive or local legislation.

Other benefits

Other benefits may include, for instance, life insurance, health insurance and car benefits. The total amount of such benefits may not exceed 15% of the fixed annual salary.

Foreign conditions

With regard to employment relationships governed by rules other than Swedish, appropriate adjustments may be made to comply with such mandatory rules or established local practice, taking into account, as far as possible, the overall purpose of these guidelines.

Consulting fees for board members

In cases where a board member (including through a wholly owned company) performs work for the company in addition to board work, a special fee may be paid for this (consultancy fee). The fee shall be based on the current market price and be related to the benefit to the company.

Criteria for distribution of variable cash remuneration etc.

The Remuneration Committee shall monitor and evaluate programs for variable remuneration to senior management. When the performance period has ended, it shall be determined to what extent the criteria for the distribution of variable remuneration have been met. The Remuneration Committee is responsible for the assessment regarding variable remuneration to the President and CEO. As regards variable remuneration to other executives, the President and CEO is responsible for the assessment. As regards financial criteria, the assessment shall be based on the company's most recently published financial information. Variable cash remuneration may be paid after the end of the performance period or be subject to deferred payment. The Board of Directors shall have the possibility, by law or by contract, to claw back, in whole or in part, variable remuneration paid on incorrect grounds.

Termination of employment

If the employment of a senior executive is terminated by the company, the notice period shall not exceed 12 months. During the notice period, all employment conditions apply, unless otherwise expressly agreed between the company and the employee. No further severance payments will be made to the employee. When a senior executive terminates his/her employment, the agreed notice period will not exceed 6 months, for the President and CEO 12 months, and there is no entitlement to any severance pay.

Salary and terms of employment for employees

In preparing the Board of Directors' proposal for these remuneration guidelines, the current salary and employment conditions for MilDef's employees have been taken into account. Information on the employees' total income, remuneration components, increase and growth rate over time has been evaluated. Subsequently, the Remuneration Committee and the Board of Directors have decided whether the principles and their limitations are reasonable.

Decision-making process for setting, reviewing and implementing the guidelines

The Board has previously established a Remuneration Committee. The Committee's tasks include preparing the Board's decision on proposals for guidelines for remuneration of senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every four years and submit the proposal for decision to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for remuneration to senior executives and the current remuneration structures and remuneration levels in the company. The Chairman of the Board of Directors may chair the Remuneration Committee. Other members of the remuneration committee elected by the general meeting shall be independent in relation to the company and the executive management. The President and

CEO or other members of the executive management, insofar as they are affected by the issues, do not attend the board's consideration of and decisions on remuneration-related matters. To the extent that consultancy services are performed by a member of the Board of Directors of the company, the relevant member of the Board of Directors is not entitled to participate in the Board of Directors' or the Remuneration Committee's preparation of matters concerning remuneration for the consultancy services in question.

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. Deviations shall be reported and justified in the subsequent remuneration report. It is part of the Remuneration Committee's tasks to prepare the Board of Directors' decisions on remuneration to the executive management, which includes decisions on deviations from the guidelines.

Description of significant changes to the Guidelines for remuneration to senior executives and description of any comments from shareholders

The guidelines for remuneration to senior executives have been reviewed in their entirety prior to the annual general meeting 2024. Significant changes are as follows.

Adjustment of the proportion that "Other benefits" may constitute of fixed annual salary, which now reflects the possibility of offering senior executives a company car.

The notice period from the company is now maximized to 12 months for the President and CEO as well as other members of the group management.

In order to be able to motivate and reward performance in extraordinary circumstances, the following paragraph has been introduced as a proposal: Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed salary and may not be paid more than once each year per individual. Any resolution on such remuneration for the President and CEO shall be made by the Board based on a proposal from the Remuneration Committee.

Any resolution on such remuneration for other senior executives shall be made by the Remuneration Committee based on a proposal from the President and CEO.

The Board of Directors has not received any views from the shareholders on the principles of remuneration for senior executives.