*This is a translation of the Swedish original. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.*

Alleima’s Guidelines for the remuneration of senior executives

# **Scope of the guidelines**

## The guidelines apply to the President and CEO and other members of the group executive management. The guidelines do not apply to any remuneration decided on or approved by the General Meeting. **The guidelines’ promotion of the company’s business strategy, long-term interests and sustainability** 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.

The guidelines enable the company to offer senior executives a competitive total remuneration. For more information regarding the company’s business and sustainability strategy, please see the company’s website www.alleima.com.

# **Types of remuneration**

The total remuneration package should be based on market terms, be competitive and reflect the individual’s performance and responsibilities as well as the group’s earnings trend. The remuneration may consist of fixed salary, variable remuneration, pension benefits and other benefits.

# **Fixed salary**

The purpose of the fixed salary is to attract and retain senior executives with the right competence for the respective positions. The salary level should be determined by comparing the salary to similarly complex positions within a defined peer group, which may change over time.

# **Variable remuneration**

### *Variable share-related remuneration*

The company may offer long-term share-related or share price related remuneration. Such programs (including any cash-based incentive programs that may be offered as an alternative, when deemed appropriate) are adopted by the General Meeting and are therefore not covered by the guidelines.

### *Variable cash remuneration*

The company may offer short- or long-term variable cash remuneration. The company may only offer long-term variable cash-based remuneration as a three-year program and during a year when the general meeting has not resolved to adopt a share or share price related program.

*The long-term variable cash remuneration* shall be a maximum of 75 percent of the fixed annual cash salary, paid during the program’s third and final year, for the President and CEO, and a maximum of 60 percent of the fixed annual cash salary, paid during the program’s third and final year, for other members of the group executive management. The fulfillment of objectives for awarding such remuneration shall be measured over a period of one to three years and paid out year four.

*The short-term variable cash remuneration* shall be a maximum of 70 percent of the fixed annual cash salary for the President and CEO and a maximum of 50 percent of the fixed annual cash salary for other members of the group executive management.

Any variable cash remuneration shall be conditional upon the fulfillment of defined and measurable criteria. These criteria shall aim at promoting the company’s business strategy and performance as well as its long-term interests, including its sustainability. At the beginning of each year, the criteria are proposed by the Remuneration Committee and approved by the Board of Directors; including key performance indicators (KPIs) and the target ranges deemed relevant for the upcoming measurement period.

The criteria may be financial, and non-financial, and shall always be related to business performance. At least 80 percent of the variable cash remuneration shall be linked to financial criteria.

The established KPIs shall be presented on the company’s website www.alleima.com. The extent to which the criteria for awarding variable cash remuneration have been fulfilled shall be determined when the measurement period has ended and will be published in the remuneration report the following year. For financial criteria, the evaluation shall be based on the latest financial information made public by the company.

# **Special arrangements**

Provided that remuneration is only made on an individual basis, the company may offer one-off remuneration in specific cases for the purpose of recruiting or retaining senior executives.

The remuneration may not exceed an amount corresponding to 100 percent of the individual’s fixed annual salary including maximum variable cash remuneration.

# **Right to withhold or reclaim remuneration**

Terms and conditions for variable remuneration shall be designed so that the Board of Directors (i) has the right to limit or refrain from payment of variable remuneration if exceptional economic circumstances prevail and such a measure is considered reasonable, and (ii) has the right to withhold or reclaim variable remuneration paid to an executive based on results that afterwards were found to have been misstated because of wrongdoing or malpractice (so called malus and clawback).

# **Pension benefits**

Pension shall be paid in accordance with relevant national legislation, applicable collective agreements (or similar).

For senior executives based in Sweden, pension benefits are subject to the ITP plan (Industry and Trade Supplemental Pension). Accordingly, there are both premium-based (“defined contribution”) and benefits-based (“defined benefit”) pension undertakings, based on individual prerequisites and applicable regulations. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions (or similar) applicable to the executive.

In addition to ITP, Alleima may offer complementary pension benefits. Senior executives are offered disability pension and a defined contribution pension scheme with an Alleima approved insurance provider in accordance with the Alleima Procurement Procedure.

For senior executives residing outside Sweden, deviations may be made for pension benefits, if required by local law or established market practice.

Total pension premiums shall not amount to more than 37.5 percent of the fixed annual salary.

# **Other benefits**

Other benefits may include, for example, life insurance, medical insurance and company car benefit. Such benefits may not amount to more than 5 percent of the fixed annual salary.

For senior executives in need of double accommodation: paid accommodation etc. may be added in line with Alleima’s regulations and such benefits may not amount to more than 20 percent of the fixed annual salary.

# **Termination of employment**

Severance pay may be paid when employment is terminated by Alleima. The President and CEO and the other senior executives may have a period of notice of not more than 12 months, in combination with severance pay corresponding to 6–12 months fixed salary.

When employment is terminated by the senior executive, the notice period may not exceed six months and no severance pay shall be paid.

In case a senior executive is not entitled to severance pay, but is covered by a non-compete undertaking, the senior executive may instead be compensated for such a non-compete undertaking. Any remuneration paid as compensation for a non-compete undertaking shall not exceed 60 percent of the fixed salary at the time of notice of termination of the employment and shall not be paid for a longer period than 18 months. Fixed salary during the notice period together with any compensation for the non-compete undertaking shall not exceed an amount equivalent to the senior executive’s fixed salary for 24 months.

# **Consideration of remuneration to the company’s employees**

When preparing the proposal for the guidelines, the employment conditions applied within the company as a whole have been used as a benchmark, following the principle that the remuneration packages of all Alleima employees should be based on the complexity of the position, performance and market practice. In general, the same combination of remuneration components such as fixed salary, variable remuneration, pension and other benefits are offered within Alleima.

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

The Board of Directors has established a Remuneration Committee. The committee’s tasks include preparing the Board of Directors’ decision to propose guidelines for senior executive remuneration.

The Remuneration Committee shall annually assess whether a revision of the guidelines is needed. The Board of Directors shall prepare a proposal for guidelines at least every fourth year and submit it to the General Meeting for decision. The guidelines shall be in force 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 senior 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 President and CEO and the other senior executives do not participate in the Board of Directors’ processing of and resolutions regarding remuneration related matters to the extent that they are affected by such matters.

Decisions on remuneration to the President and CEO are taken by the Board of Directors, based on proposals from the Remuneration Committee, and decisions on remuneration to the other senior executives are taken by the Remuneration Committee.

# **Adjustments to local rules**

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account and to the extent possible, the overall purpose of these guidelines.

# **Derogation from the guidelines**

The Board of Directors 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.