

## **The complete proposed guidelines for senior executive remuneration of the Board of Directors of Hoist Finance AB (publ), reg. no. 556012-8489**

These guidelines cover senior executives in Hoist Finance AB (publ) (“**Hoist Finance**” or the “**Company**”). The term senior executives shall in this context mean the CEO and the other members of the executive management team, and board members to the extent they receive remuneration for services performed outside of their Board duties. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting 2020. The guidelines do not apply to any remuneration decided by the General Meeting.

### **The guidelines’ promotion of the Company’s business strategy, long-term interests and sustainability**

The remuneration in Hoist Finance shall encourage senior executives to promote the Company’s business strategy, long-term interests and sustainability and a behaviour in line with the Company’s ethical code of conduct and values. The remuneration shall also be structured to enable Hoist Finance to attract, retain and motivate employees who have the requisite skills. The remuneration shall encourage good performance, prudent behaviour and risk-taking aligned with customer and shareholder expectations. Hoist Finance’s business strategy, long-term interests and sustainability work are described on the Company’s webpage, [www.hoistfinance.com](http://www.hoistfinance.com).

### **Types of remuneration**

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the General Meeting may, irrespective of these guidelines, resolve on, among other things, share-related or share price-related remuneration.

#### *Fixed cash salary*

Salaries shall be gender- and age-neutral and cannot be discriminatory. Hoist Finance views remuneration from a comprehensive perspective and, accordingly, takes all remuneration components into account. Remuneration is weighted in favour of fixed salary, which is based on the position’s complexity and level of responsibility, prevailing market conditions and individual performance.

#### *Variable cash remuneration*

Variable remuneration for senior executives shall not exceed 100 per cent of the fixed annual cash salary. The variable remuneration consists to 40 per cent of cash remuneration and to 60

per cent of a long-term share-based incentive program, a so-called LTIP. Since LTIP is resolved by the General Meeting it is excluded from the scope of these guidelines. Variable remuneration is based on various financial and non-financial criteria, and is linked to the performance of the Hoist Finance group and the relevant business unit respectively, and to individual targets. It is hence distinctly linked to the business strategy and thereby to the Company's long-term value creation, including its sustainability.

Variable remuneration takes into account the risks involved in the Company's operations and is proportional to the group's earning capacity, capital requirements, profit/loss and financial position. The payment of variable remuneration must not undermine the group's long-term interests and is contingent upon the recipient's compliance with internal rules and procedures. Variable remuneration is not paid to a senior executive who has participated in or been responsible for any action resulting in significant financial loss for the group or the relevant business unit.

For senior executives, payment of 60 per cent of the variable remuneration is deferred for a period of at least three years. Variable remuneration, including deferred remuneration, is only paid to the extent warranted by the group's financial situation and the performance of the group and the relevant business unit, and the senior executive's achievements.

The fulfilment of the criteria for payment of variable cash remuneration shall be measured during a period of one year. When the measurement period for the fulfilment of the criteria for the payment of variable cash remuneration has ended it shall be evaluated/determined to which extent the criteria have been fulfilled. The Remuneration Committee, and the Board of Directors with respect to remuneration to the CEO, are responsible for the assessment.

#### *Pension benefits and other benefits*

Pension and insurance are offered pursuant to national laws, regulations and market practices and are structured as collective agreements, company-specific plans or a combination of the two. Hoist Finance has defined-contribution pension plans. A few senior executives receive gross salary; in these instances, the Company does not make pension contributions. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to no more than 30 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (*Sw. sjukvårdsförsäkring*) and company cars. Other benefits are designed to be competitive in relation to similar operations in each respective country. Such benefits may amount to no more than 10 per cent of the fixed annual cash salary.

For employments governed by other rules than Swedish rules, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### **Sign-on bonus**

Remuneration for new hires, so-called "sign-on bonus", is only offered in exceptional cases and then only to compensate for the lack of variable remuneration in the senior executive's previous employment contract. Sign-on bonuses are paid during the year in which the senior executive begins to work. Decisions on exceptional cases are made in accordance with the decision-making process for variable remuneration.

### **Loans**

Issuing loans to senior executives is not permitted.

### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and the increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### **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 the preparation of the Board of Director's decision on the proposal of guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall remain 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 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 team. The CEO and other members of the executive management team do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

### **Termination of employment**

Upon the group's termination of an employment contract, the maximum notice period is twelve months and no severance payment is made.

### **Remuneration to board members for services performed outside of their Board duties**

Directors, elected at General Meetings, may in certain cases receive remuneration for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board of Directors. Remuneration may be payable up to SEK 50,000 for a Director's work in the board of a subsidiary.

### **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 interest, including its sustainability, or to ensure the Company's financial viability. Since the Remuneration Committee's tasks include the preparation of the Board of Directors' resolution in remuneration-related matters, any resolutions to derogate from the guidelines shall also be prepared by the Remuneration Committee.

### **Information on remuneration resolved but not yet due**

In the annual report 2019, note 7 "Personnel expenses", the total remuneration expensed to senior executives per 31 December 2019 is presented, including previous payment undertakings which are not yet due.

### **Information on derogations from the remuneration guidelines resolved by the previous Annual General Meeting**

The Remuneration Committee has confirmed that Hoist Finance has complied with the guidelines adopted by the previous Annual General Meeting with one exception. The exception relates to the payment of severance pay amounting to SEK 3 588 000 to a former member of the executive management team. The reason for the exception is that the Remuneration Committee and the Board of Directors deem that the severance pay was necessary in order to avoid further claims for remuneration from the person.