



## PROPOSAL OF THE BOARD OF DIRECTORS REGARDING NEW GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

### Guidelines for remuneration to senior executives

The Board of Directors proposes that the the Annual General Meeting adopts revised guidelines for remuneration to senior executives as follows. Compared to the previously applicable guidelines the proposal entails that remuneration to senior executives in addition to current types of remuneration also can consist of variable remuneration, that due adjustment may be done in order to comply with mandatory rules or established local practice, and certain minor editorial changes.

These guidelines apply in respect of senior executives of Rugvista Group, which consist of individuals who from time to time are part of the company's executive management. The guidelines shall apply to any remuneration or amendments to previously agreed remuneration, agreed after the guidelines have become effective in accordance with the resolution of the Annual General Meeting. The guidelines do not apply to any remuneration decided or approved by the General Meeting.

Employment conditions of a member of the executive management subject to other rules than Swedish, 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.

To the extent a member of the Board of Directors performs services for the company in addition to the Board assignment, these guidelines shall apply to any remuneration (e.g. consultancy fees) for such work.

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

The company's *business vision* is to become the center of gravity for the European rug industry. A prerequisite for a successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability is that the company is able to recruit and retain qualified co-workers. The company's *people vision* is to attract, motivate, and retain extraordinary people which also constitutes the basis for ensuring that the company's most important asset, its employees, are motivated and happy to be a part of the organization. This requires that the company is able to offer competitive remuneration. These guidelines enable the company to offer its senior executives a total remuneration that is competitive.

Share-based incentive plans based on warrants have previously been implemented by the company. The plans have been resolved by the General Meeting and are therefore excluded from these guidelines. For the same reason, the long term incentive plan based on warrants, proposed by the Board of Directors and submitted to the 2023 Annual General Meeting for approval, will be excluded from the guidelines. The plans include Rugvista Group's executive management and other key employees within Rugvista Group. The purpose of the share-based plans is to offer the participants the opportunity to receive remuneration that is related to and dependent on the long-term value growth for Rugvista Group's shareholders that the participants help to create. The outcome of the plans is linked to the development of the company's share price on Nasdaq First North Premier Growth Market and participation in the plans requires a personal investment and a holding period of several years. For further information about the plans please see Rugvista Group's website, <https://www.rugvistagroup.com/sv/>. Any future share-based incentive plans will be decided by the General Meeting.

Variable cash remuneration that is subject to these guidelines shall promote implementation of the company's business strategy, the company's long-term interests, including its sustainability.



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## **Types of remuneration etc.,**

The remuneration shall be on market conditions and may consist of fixed cash remuneration, variable cash remuneration (bonus), pension benefits and other benefits. Additionally and irrespective of these guidelines the General Meeting may resolve on, amongst other things, share- or share-price related remuneration.

### ***Fixed remuneration***

Fixed cash remuneration shall be on market conditions and determined based on the responsibility, mandate, competence and experience of each member of the executive management.

### ***Variable remuneration***

In addition to fixed cash remuneration variable cash remuneration may be part of the remuneration to senior executives. Any resolution regarding variable cash remuneration as part of total remuneration shall be made by the Board of Directors.

Variable cash remuneration under these guidelines shall be linked to one or more predetermined and measurable criteria designed to promote the company's strategy, long-term interests including sustainability, or the senior executive's long-term development. The criteria can be financial, non-financial, individual and/or joint, qualitative and/or quantitative. Variable cash remuneration may amount to a maximum of 50 percent of the yearly fixed cash remuneration.

Satisfaction of the criteria for awarding variable cash remuneration shall be measurable for a measurement period of one year. When the measurement period for satisfaction of the criteria for payment of variable cash remuneration has come to an end the Board of Directors shall evaluate the extent to which the criteria have been satisfied.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment.

### ***Extraordinary remuneration***

Additional cash 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 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 annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors.

### ***Pension benefits***

Pension benefits, including health insurance, for the CEO shall be premium based and the pension premiums shall amount to a maximum of 30 percent of the CEO's fixed annual cash salary. Other senior executives shall be covered by ITP1 in accordance with the applicable collective agreement, or similar pension benefit. For executives covered by ITP1, the insurance premium shall be based on each members yearly fixed base salary and other pensionable covered income in accordance with ITP1. ITP1 means that the company pays a premium of 4.5 percent of the executive's pensionable covered income up to 7.5 income base amounts and 30 percent over 7.5 income base amounts. In addition, other senior executives may receive an additional premium based pension provision in the form of a fixed monthly amount, which can amount to a maximum of 6 percent of the current fixed monthly cash salary when determining such provision for pension.

### ***Other benefits***

Other benefits may include, for example, life insurance, medical insurance, and company car. Such benefits may totally amount to no more than 15 percent of the fixed yearly base salary.



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### **Remuneration to members of the Board of Directors**

In the event a member of the Board of Directors performs services for the company in addition to the Board assignment, specific remuneration (e.g. consultancy fees) can be awarded for such services provided that such services contribute to the implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability. The annual consultancy fee must be on market conditions and be put in relation to the benefit it brings to the company, and may never, for each member of the Board, exceed three times the applicable board remuneration. Remuneration to a member of the Board of Directors, and other terms, shall be resolved on by the Board of Directors.

### **Termination of employment**

Upon termination of employment, the notice period may not exceed six months, unless otherwise is provided by mandatory law or collective agreement. Fixed cash salary during the notice period and severance pay may together not exceed an amount equivalent to the fixed cash salary for fifteen months. If notice of termination is made by a senior executive, the notice period may not exceed six months, with no right to severance pay.

Additionally, compensation may be paid for non-compete undertakings. Such compensation shall compensate for loss of income and shall only be paid in so far as the senior executive is not entitled to severance pay. Such compensation shall amount to not more than 60 percent of the fixed cash salary at the time of termination, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking is applicable, at longest for twelve months.

### **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 Rugvista Group have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in 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 shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board of Directors shall also monitor and evaluate programs for variable remuneration for the executive management (if any), the application of the guidelines for remuneration to senior executives as well as the applicable remuneration structures and remuneration levels in the company. The CEO and other members of the executive management 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.

### **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 deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.



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## **Description of material changes of the guidelines and how the views of shareholders' have been taken into consideration**

The current guidelines for remuneration to senior executives were adopted on a General Meeting held February 11, 2021. These guidelines, which are proposed for the 2023 Annual General Meeting, correspond to a large extent with the guidelines resolved upon by the General Meeting held February 11, 2021. However, these guidelines include (i) an option of variable cash remuneration as per and under the conditions stated above in these guidelines, and (ii) that due adjustments may be made for employment conditions of executive management members subject to other rules than Swedish, to comply with mandatory rules or established local practice.

No comments or questions on the remuneration guidelines have emerged in connection with general meeting proceedings.

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Malmö in April 2023

The Board of Directors

RugVista Group AB (publ)