

Guidelines for remuneration to management

The Board of Directors of Netel Holding AB (publ) proposes that the Annual General Meeting 2024 adopts the following guidelines for the remuneration and other employment conditions of the CEO and other members of the Executive Team. The guidelines are proposed to apply until further notice and are in all essential aspects consistent with the guidelines applied previously.

Scope of the Guidelines

These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Employment conditions of a member of the Executive Team that is employed or resident outside Sweden or that is not a Swedish citizen, 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.

Promotion of Netel's business strategy, long-term interests and sustainability

To become a leading Northern European Infranet service provider, Netel has identified two strategic priorities: core business development and geographical and business diversification. These goals can be achieved either through organic growth initiatives or via M&A.

Successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests, including its sustainability agenda, requires that the Company can recruit and retain qualified employees. This requires that the Company can offer competitive salaries and other terms and conditions of employment on market conditions, taking into account both global remuneration practice and practice in the home country of each member of the Executive Team. These guidelines enable Netel to offer the Executive Team a total remuneration that is on market conditions and competitive.

Types of remuneration

The total yearly remuneration to the members of the Executive Team shall be based on market conditions and be competitive as well as reflect each member's responsibility and performance. The total yearly remuneration shall consist of (i) fixed base salary, (ii) variable cash remuneration, (iii) pension benefits and (iv) other benefits (which are specified below excluding social security costs). Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. In case a member of the Executive Team, due to certain market conditions, are unable to participate in such share-related or share price-related remuneration resolved by the General Meeting, the company may offer the member of the Executive Team remuneration in the form of cash settlement on terms corresponding to such share-related or share price-related remuneration.

The variable cash remuneration shall be linked to predetermined and measurable targets, which are further described below, and may amount to not more than 100 percent of the yearly base salary for the CEO and 50 percent of the yearly base salary for the other members of the Executive Team.

The members of the Executive Team can be covered by defined contribution or defined benefit pension plans, for which pension premiums are based on each member's yearly base salary and is paid by Netel during the period of employment. The pension premiums shall amount to no more than 30 percent of the yearly base salary. Other benefits, such as company car, extra health insurance or occupational healthcare, shall be payable to the extent it is considered to be in line with market conditions on the market relevant for each member of the Executive Team. Premiums and other costs relating to such benefits may totally amount to no more than 20 percent of the yearly base salary.

Criteria for awarding variable cash remuneration

The variable cash remuneration shall be linked to predetermined and measurable financial targets and can also be linked to strategical and/or functional targets individually adjusted on the basis of responsibility and function. These targets shall be designed so as to contribute to Netel's business strategy and long-term interests, including its sustainability, by for example being linked to the business strategy or to promote the senior executive's long-term development within Netel.

The Remuneration Committee shall for the Board of Directors prepare, monitor and evaluate matters regarding variable cash remuneration to the Executive Team. Ahead of each yearly measurement period for awarding variable cash remuneration the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria are deemed to be relevant for the upcoming measurement period. To which extent the criteria for awarding variable cash remuneration has been satisfied, shall be determined when the measurement period has ended. Evaluations regarding fulfilment of financial targets shall be based on a determined financial basis for the relevant period.

Variable cash remuneration is settled after the measurement period has ended. Paid variable cash remuneration can be claimed back when such right follows from the relevant individual agreement.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such extraordinary arrangements are time-limited and made only at the individual level, either to recruit or retain senior managers or as compensation for extraordinary duties in addition to the manager's ordinary duties. Such compensation may not exceed an amount equal to 100 per cent of the fixed annual cash salary, with the exception of extraordinary remuneration for the CEO whose extraordinary remuneration may not exceed an amount corresponding to 250 percent of the fixed basic salary. Extraordinary remuneration shall not be paid more than once per year and individual. A decision on such remuneration for the CEO shall be made by the board on a proposal from the remuneration committee. A decision on such remuneration for other senior managers shall be made by the remuneration committee on a proposal from the CEO.

Duration of employment and termination of employment

The members of the Executive Team shall be employed until further notice. If notice of termination is made by Netel, the notice period may not exceed twelve months for the CEO and nine months for the other members of the Executive Team. If a member of the Executive Team is given notice, Netel is liable to pay, including severance pay and remuneration under the notice period, the equivalent of maximum 18 months' base salary and other employment benefits. If notice of termination is made by a member of the Executive Team, the notice period may not exceed six months, with no right to severance pay.

Full salary and other employment benefits are paid during the notice period, with deduction for salary and other remuneration received from other employment or activities that the employee has during the notice period.

A member of the Executive Team may, for such time when the member is not entitled to severance pay, be compensated for non-compete undertakings. Such compensation shall amount to not more than 60 percent of the monthly base salary at the time of the termination and shall only be paid as long as the non-compete undertaking is applicable, at longest a period of 12 months.

Remuneration and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, remuneration and employment conditions for employees of Netel have been taken into account by including information on the employees' total remuneration, the components of the remuneration and 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 Remuneration Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to the Executive Team. 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 Remuneration Committee shall also monitor and evaluate programs for variable remuneration to the Executive Team, the application of the guidelines for remuneration to the Executive Team as well as the applicable remuneration structures and remuneration levels in Netel. The members of the Remuneration Committee are independent of the company and its management. The CEO and other members of the Executive 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.

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 Netel's long-term interests, including its sustainability, or to ensure Netel's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.