

## **Guidelines for executive remuneration**

The managing director and other members of the management team of Profoto Holding AB (publ) fall within the provisions of these guidelines. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the extraordinary general meeting on 07 May 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

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

The company's business strategy, in short, is to design and sell products within light sources and light shaping to predominantly the professional photography market and, recently, also to the market for ambitious non-professional photography. For more information regarding the company's business strategy, refer to page 14-15 in the annual report for the financial year 2020. 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. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

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

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. The board should annually evaluate the extent to which share-related or share price-related remuneration should be proposed to the general meeting.

The fixed cash salary shall be individual and based on the executive's responsibility and position as well as competence and experience regarding the relevant position.

Variable cash remuneration shall be awarded upon satisfaction of certain criteria. Such variable cash remuneration shall amount to no more than the aggregate of twelve fixed monthly cash salaries.

For the CEO, pension benefits shall be premium defined and shall not amount to more than 35 per cent of the remuneration which entitles pension (fixed and variable cash remuneration). For other executives which fall within the ITP-plan, pension benefits shall correspond to what applies according to the ITP-plan. For other executives, pension benefits shall not amount to more than 25 per cent of the remuneration which entitles pension (fixed and variable cash remuneration).

Other benefits may include, for example, medical insurance (Sw: *sjukvårdsförsäkring*) and company cars. Such benefits shall have a limited value in relation to other remuneration and correspond to market terms on each geographical market. Such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, 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.

## **Termination of employment**

The notice period for the CEO may not exceed 24 months if notice of termination of employment is made by the company and must be at least six months if the termination is made by the CEO. The notice period for other executives may not exceed 12 months if notice of termination of employment is made by the company and must be at least three months if the termination is made by the executive. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other executives.

## **Criteria for awarding variable cash remuneration, etc.**

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated during a period of one calendar year. When the measurement period for satisfying the criteria for being awarded variable cash remuneration has ended, it shall be determined to what extent the criteria has been satisfied. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

## **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 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 preparing the board of directors' decision to propose 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 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 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 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.

## **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. 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 derogate from the guidelines.