

The board of directors' proposed resolution regarding guidelines for compensation to senior executives (Item 17)

The board of directors proposes that the annual general meeting decide on guidelines for remuneration to senior executives as follows below.

According to chapter 8 section 51, Companies Act (*sw: aktiebolagslagen*), the board of directors is obliged to prepare a proposal for new guidelines for remuneration to senior executives when there is a need for substantial changes to the guidelines, but in any event at least every four years. Current guidelines were adopted at the annual general meeting of 2020 and new guidelines must therefore be adopted at the annual general meeting of 2024.

The board of directors proposes that the annual general meeting decide on the following guidelines for remuneration to senior executives in HANZA. The proposed guidelines are in all material aspects corresponding to the guidelines adopted at the 2020 annual general meeting.

Scope and applicability of the guidelines

These guidelines cover the managing director as well as the persons who at any time form part of the Company's management team and report directly to the managing director. To the extent that a board member in the Company performs work for the Company in addition to his or her board duties, these guidelines shall also be applied to any remuneration paid to the board member for such work.

The guidelines shall be applied to remunerations that are agreed upon, and to changes that are made to already agreed remunerations, after the guidelines have been adopted by the 2024 annual general meeting. For the purposes of the guidelines, the transfer of securities and the granting of the right to acquire securities from the Company in the future shall be regarded as remuneration. The guidelines shall apply until new guidelines are adopted by the general meeting.

The guidelines do not cover compensation decided by the general meeting, for example board fees and share-related incentive programs.

HANZA introduced a long-term share savings program, LTIP 2023, following the decision of the annual general meeting in 2023. The program covers a maximum of 13 senior executives and key persons in the company, including the CEO and deputy CEO, who were offered to receive performance share rights that give the participant the opportunity to be allocated a number of shares in HANZA, provided that the participant personally invests in shares in HANZA and/or that certain specified performance conditions have been met. A maximum of 170,750 performance shares can be allocated to the participants in LTIP 2023 based on the investments made by the participants within the scope of the program.

Executives who maintain a position as a member or deputy on the board of a group company shall not receive additional board remuneration for this.

How the guidelines contribute to the Company's business strategy, long-term interests and sustainability

HANZA is an industrial player and strategic business partner in contract manufacturing, which means that the Company develops and processes products on behalf of a product-owning company. HANZA offers the Company's customers a combination of consulting and tailored manufacturing solutions. HANZA specializes in electronics and mechanical products, and the company's customers are active in a number of different industries. By collecting different manufacturing technologies locally, HANZA creates shorter lead times and increased profitability for the Company's customers.

The company's business strategy is (in brief) the following: HANZA shall strive to become a unique value-creating manufacturing partner to its customers. This is achieved by developing manufacturing clusters and manufacturing advisory services, to create sustainable solutions that increase customer profitability and growth.

In order for the Company's business and sustainability strategy to be implemented successfully and for the Company's long-term interests to be met, it is necessary for the Company to be able to recruit and retain management with good competence and the capacity to achieve set goals. This requires that the Company can offer competitive remuneration. These guidelines contribute to the Company's business strategy, long-term interests and sustainability by giving the Company the opportunity to offer senior executives a competitive remuneration.

Forms of compensation

The company's compensation system must be market-based and competitive. Compensation may be paid in fixed cash salary, variable compensation, pension and other customary benefits. The compensation is based on the individual's commitment and performance in relation to pre-set goals, which can be both individual and joint goals for the entire company. Evaluation of the individual performance takes place continuously.

Remuneration can also be paid in the form of a consultant's fee to a board member who performs work for the Company in addition to his or her board duties.

Fixed salary must be individual for each individual executive and is based on the executive's position, responsibility, competence, experience and performance.

Variable compensation must be related to the outcome of the Company's goals and strategies and must be based on predetermined and measurable criteria designed to promote long-term value creation. The proportion of the total remuneration that is made up of variable remuneration must be able to vary depending on the position and must be in proportion to the senior executive's responsibility and authority. The variable compensation may correspond to no more than 45 percent of the annual fixed salary for the CEO, and 30 percent of the annual fixed salary for other senior executives. The variable remuneration shall not be pensionable, unless requires pursuant to mandatory collective bargaining agreement provisions. The board must have the option, in accordance with law or agreement, with the limitations that follow, to fully or partially reclaim variable compensation that has been paid out on incorrect grounds.

Pension benefits must be market-based in relation to what applies to corresponding executives in the market and must be defined contribution, to the extent that the executive is not covered by a defined benefit pension according to mandatory collective bargaining agreement regulations. The pension premiums for a defined contribution pension may amount to no more than 30 percent of the senior executive's annual fixed salary.

Other benefits may include car benefits, occupational health care, life- and health insurance and other similar benefits. Other benefits must constitute a smaller proportion of the total compensation and may correspond to no more than 8 percent of the senior executive's annual fixed salary.

Consultant fee must be market-based. To the extent that consulting services are performed by a board member in the Company, the board member concerned does not have the right to participate in the board's (or the remuneration committee's) preparation of questions regarding remuneration for the consulting services in question.

For employment relationships that are covered by laws and regulations in a country other than Sweden, as far as pension benefits and other benefits are concerned, reasonable adjustments

may be made to comply with mandatory rules or fixed local practice, whereby the overall purpose of these guidelines must be met as far as possible.

Criteria for payment of variable remuneration

The criteria that form the basis for the payment of variable compensation must be determined annually by the board in order to ensure that the criteria are in line with the Company's current business strategy and performance goals. The criteria can be individual or joint, financial or non-financial and must be designed in such a way that it promotes the Company's business strategy, sustainability strategy and long-term interests, which means that the criteria must have a clear connection to the Company's business strategy and objectives.

The financial criteria that form the basis of any variable compensation must be based on relevant key figures such as results, revenue development, cash flow, capital tied up, etc., and its composition may vary depending on the phase that the board deems the Company to be in.

The non-financial criteria that form the basis of any variable remuneration must be linked to clear and measurable business-related goals, such as the conclusion of important agreements for the Company, completed activities according to the Company's business plan, expansion/establishment, and achieved objectives within the framework of the Company's sustainability work.

The period underlying the assessment of whether the criteria have been met or not (the measurement period) must amount to at least one year. The assessment of the extent to which the criteria have been met must be made by the compensation committee when the measurement period has ended. The assessment of whether the financial criteria have been met shall be based on the financial information most recently published by the Company. Decisions on the payment of variable remuneration are made by the board, after preparation in the remuneration committee.

Consideration of salary and employment conditions for employees

In order to assess the reasonableness of the guidelines, the board has considered the salary and employment conditions of the Company's employees when preparing the proposal for these guidelines. In doing so, the board has taken note of information regarding employees' total remuneration, what forms the remuneration consists of, how the level of remuneration has changed over time and at what pace.

Notice period and severance pay

A mutual notice period of six months shall apply regarding the CEO. In the event of termination from the Company's side, a severance pay is payable which may not exceed an amount corresponding to the fixed cash salary for one year.

Regarding senior executives other than the CEO, the mutual notice period shall be six months. Any severance pay may not exceed an amount corresponding to the senior executive's fixed salary for six months.

Decision-making process to establish, review and implement the guidelines

The board has established a remuneration committee with the task of (i) preparing the board's decisions on matters of remuneration principles, remuneration and other terms of employment for company management, (ii) following and evaluating ongoing and during the year programs for variable remuneration for company management, and (iii) following and evaluate the application of the guidelines for compensation to senior executives that the general meeting

must decide on, as well as current compensation structures and compensation levels in the Company.

The board must draw up proposals for new guidelines for remuneration to senior executives if there is a need for significant changes to the guidelines, however at least every four years. The board must submit the proposal for decision at the annual general meeting.

In order to avoid conflicts of interest, senior executives do not attend the board's consideration of and decisions on remuneration-related matters, to the extent that they are affected by the matters. The members of the remuneration committee are independent in relation to the Company and company management.

Departing from the guidelines

The board may decide to temporarily depart from the guidelines if there are special reasons for it in an individual case and a departure is necessary to satisfy the Company's long-term interests and sustainability or to ensure the Company's financial viability.

Special reasons may consist, for example, in the fact that a deviation is deemed necessary to recruit or retain key personnel or in extraordinary circumstances such as the Company achieving a certain desired result in a shorter time than planned, the Company succeeding in entering into a certain agreement within a shorter time and in a better conditions than anticipated or that the Company increases in value or increases its turnover or profit to a greater extent than expected.