

GROUP COMPENSATION & BENEFITS POLICY

GROUP STEERING DOCUMENT

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Purpose

This policy establishes guidelines for determining and managing compensation and benefits for all employees within the Avonova Group.

Scope and responsibilities

This policy applies to all employees within the Avonova Group, across all countries, divisions, and functions, with the sole exception of the Group Management Team. It covers all aspects of employee compensation and benefits.

The Group CEO is responsible for this policy and prepares and updates it in active collaboration with the Group Management and the country/divisional heads of HR in cooperation with employee representatives where and when relevant.

The guiding principles for Avonova's compensation and benefits, as provided by the Avonova board of directors

Outlined by the Avonova Board of Directors.

Avonova's compensation model is designed to foster a meritocratic, performance-driven culture while ensuring transparency, including compliance with the EU's Transparency Act.

1. **Consistency Across Roles**

The same compensation model applies to employees performing similar roles, regardless of division, business area, or country. This ensures fairness and equality across the organization.

2. **Annual Salary Adjustment Process**

Avonova follows an established annual salary adjustment process and avoids ad-hoc base salary increases, except when addressing clear discrepancies against market benchmarks.

3. **Positioning in the Market**

Avonova's base salaries are set to remain competitive but not market-leading, especially for roles with variable compensation components. This approach does not apply to key clinical or specialist roles, where compensation levels may be positioned more competitively.

4. **Performance-Based Variable Compensation**

Avonova aims to make compensation for commercial roles—including sales representatives, key account managers, and sales managers—primarily variable and directly linked to performance.

Avonova should over a few years move to a compensation and benefits setting approach that is primarily based, and benchmarked, on total compensation, including fixed compensation, variable compensation, short term incentives (STI), pension, and other benefits. The variable compensation is only paid in full if the budget is met or exceeded. STI is paid only if budget is exceeded, and is based on individual or team performance.

Roles mapping

All roles within Avonova, except for members of the Group Management Team, should be assigned to a specific job category and level. This structured mapping enhances consistency and clarity across employee roles.

Each role is categorized into one of the following job categories:

Sales e.g.

Säljchef, Salgssjef, Key Account Manager, Account Manager, Utesäljare, Selger, Mötesbokare

Infrastructure e.g.

Redovisningsøkonom/-ekonom, Business Controller, Markedskoordinator, Administratör, Senior IT-tekniker

Clinical e.g.

Ergoterapeut, Bedriftsleger, Företagsläkare, Sykeplejer, Sjuksköterska, Yrkeshygieniker, Arbetsmiljöingenjör, Organisationspsykolog, Ergonom, Beteendevetare

Note: Members of the Group Management Team are not assigned to a job category.

Job levels

Each role is also assigned a specific job level to further define its position within the organization. The job levels currently in use at Avonova are indicated (in yellow) in the provided structure.

Executive		Management		Professional		Support	
E6	Executive 6						
E5	Executive 5						
E4	Executive 4						
E3	Executive 3						
E2	Executive 2						
E1	Executive 1						
		M6	Senior Director				
		M5	Director	P6	Principal		
		M4	Sr Manager	P5	Expert		
		M3	Manager	P4	Advanced		
		M2	Sr Supervisor	P3	Career		
		M1	Supervisor	P2	Developing		
				P1	Entry	S5	Specialist
						S4	Highly Skilled
						S3	Senior
						S2	Intermediate
						S1	Entry

To differentiate between the type of sales roles, and to take the complexity into account, different roles have been mapped into different levels in the P-band. This differentiation allows Avonova to better reflect role responsibilities and market alignment.

Promotion within a band, or to the next band, is typically done only at the annual compensation and performance review. Or when moving to another role with greater responsibility.

Benchmarking and compensation vs market level

Compensation benchmarking data should always be used when setting base and total cash compensation.

A +/-25% range from the mid benchmark figure for each category and level is used, in which all employees in that category and level fall into. New hires in Sales and Infrastructure should always start in the bottom of the low-end. New hires in Sales Norway should start below the minimum end of the range.

Avonova promotes a performance-oriented culture and offers attractive STI and LTI schemes. Hence Avonova should not be market leading in base salary/cash compensation, for roles with STI.

STIs

A ground rule for Avonova's STI schemes is that pay-out to an employee should always be less than Avonova's increased EBITDA from the employee overperformance causing the pay-out. And that the collective STI payouts cannot, themselves, cause a liquidity issue.

These levels should apply for target pay-out on the STI (% of base salary, on top of it) and frequency:

Employee category and level	Ambition for all in a few years	2025: New hires and promotes to a new job level	2025: Existing employees remaining in their current job level
Sales – S- and P1-level	Non-capped model paid out monthly.	Current non-capped model paid out monthly.	Current non-capped model paid out monthly.
Sales – Other P-levels and M-band	30% paid out quarterly or monthly depending on business (Solution sales non capped)	30% paid out quarterly or monthly depending on business (Solution sales non capped)	Depending on business and will increase yearly by 5%, until 30%. The model for New hires is also offered.
All Infrastructure	10-20%	Decided by the group management member responsible for each function. Maximum 20% target STI.	Decided by the group management member responsible for each function. Maximum 20% target STI.
All Clinical	10-20%	Decided per country, by the country Operations Director, and could be	Decided per country, by the country Operations Director, and could be

		differentiated between professions.	differentiated between professions.
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All above that will imply changes for a current employee, will have to be negotiated with trade union / verneombud and the employee.

The STI model and criteria for each employee should be valid for an entire calendar year and can be changed before each such year.

When the pay-out is decided by the manager, it should be based strictly on the employee's performance vs the criteria's various levels. No «discounts», discretionary judging or negotiation from the employee.

Benefits

Avonova should have a strong benefit package that supports its company values and mission in the Avonova 27 strategy, especially to be a leading ESG company. The benefits should be a competitive advantage to Avonova for attracting and retaining talents. They should also be equal to all employees within a specific country, regardless of divisional belonging.

Governance

Changes in base compensation and promotions should be concentrated to the annual compensation review and adjustment. And then the CBA influenced budgeted total base compensation increase allowance cannot be exceeded.

Base compensation increases beyond this annual adjustment, can only be done when a new hire has got a clearly wrong base compensation. These occasions should be very limited. Normal benchmarks should apply also to these increases, per this policy. All such cases require approval by the Group CFO or Group CEO. Exception for new employees in Sales roles in Norway, where initial base salary starts below minimum of the base salary range and are increased to just above the minimum after the trial period.

Individuals falling above or below their Category's and Level's base salary range, should over a few years be managed, through the annual adjustments, to get into their respective range.

Deviations from policy

Any breach of this policy shall be reported in Landax for Avonova Norway and Solutions Group, and in the IA system for Avonova Hälsa AB (Sweden). The breeches are to be reported as confidential in the respective systems (begränsad behörighet/privat/private). The respective company HR head is to follow up breeches concerning this policy.

The group CEO should be involved for repeated breaches altering the fundamentals, e g transparency and fairness, of this policy.