

Guidelines for remuneration to senior executives

The Annual General Meeting on April 27, 2021, resolved to adopt the following guidelines for remuneration to senior executives.

These guidelines shall apply to remuneration of the Chief Executive Officer, other members of the company's executive management and, where applicable, remuneration of Board members in addition to Board fees. The guidelines do not apply to remuneration decided or approved by the General Meeting.

The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting. The guidelines do not apply to remuneration decided by the General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability Successful implementation of Arla Plast's business strategy and safeguarding the company's long-term interests, including its sustainability, require the company to recruit and retain highly qualified employees. In order to do so, the company must offer competitive total remuneration, which these guidelines enable.

Types of remuneration

Remuneration shall be competitive and in line with market practice and may consist of a fixed salary, short-term variable remuneration, pension and other benefits. The total remuneration package may also include long-term variable remuneration. Long-term variable remuneration is decided by the General Meeting and is therefore not covered by the guidelines.

Fixed salary

The fixed salary shall consist of a fixed annual cash salary. The fixed salary shall be in line with the market and determined taking into account responsibility, expertise and performance. The fixed salary is reviewed every year.

Short-term variable remuneration

In addition to fixed salary, the company shall be able to offer short-term variable remuneration. The short-term variable remuneration shall be linked to predetermined and measurable criteria that can be financial or non-financial. They may also be individualized quantitative or qualitative targets. The criteria shall be designed to promote the company's business strategy, long-term interests and sustainability. For the Chief Executive Officer, short-term variable remuneration, if any, may not exceed 40 percent of the fixed annual salary in any one financial year. For other members of Arla Plast's executive management, short-term variable remuneration in any one financial year may not exceed 30 percent of the fixed annual salary.

The satisfaction of criteria for awarding short-term variable remuneration shall be measured over a period of one year. To which extent the criteria for awarding short-term variable remuneration have been satisfied shall be evaluated when the measurement period has ended. The remuneration committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Further, the Board of Directors has the right to reclaim variable remuneration that has been paid on the basis of information that later has turned out to be inaccurate and provided with a deceptive purpose. The terms and conditions for variable remuneration shall be designed so

that the Board of Directors may choose, under exceptional economic circumstances, to limit or refrain from payment of variable remuneration if such a measure is considered reasonable.

Pension

Pension benefits, including sickness/disability insurance, shall be classified as either defined benefit or defined contribution, and may not exceed 30 percent of the fixed annual salary.

Other benefits

Other benefits may include health insurance, car benefit, housing benefit and fitness subsidy. Where such benefits are offered, they must be in line with market practice and only constitute a limited portion of total remuneration. Premiums and other costs related to such benefits may not amount to a total of more than 20 percent of the fixed annual salary.

For employments governed by rules other than Swedish, the components of the total remuneration may be duly adjusted for compliance with mandatory rules or local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Period of notice and severance pay

For the Chief Executive Officer, if notice of termination is served by the Company, the maximum notice period is twelve months. For notice of termination served by the Chief Executive Officer, the maximum notice period is six months, without right to severance pay. The notice period for other senior executives is six months if the employment is terminated by the Company and four months if the employment is terminated by the employee.

Fixed salary during the notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed remuneration for two years.

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. This was made by including information on the employees' total income, the components of the remuneration and remuneration development 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.

Consultant fee to Board members

If a member of the Board of Directors (including through a wholly-owned subsidiary) should carry out services for Arla Plast in addition to Board work, specific fees for this can be paid, provided that such services contribute to the implementation of Arla Plast's business strategy and the safeguarding of Arla Plast's long-term interests, including its sustainability. The annual consultancy fee for each Board member may not exceed the annual Board fee. The fee shall be in line with market practice.

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 remuneration to the senior executives. 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 senior executives, the application of the guidelines for

remuneration as well as the current remuneration structures and compensation levels in Arla Plast. The members of the remuneration committee are independent of Arla Plast and its management. The Chief Executive Officer and the 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 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 long-term interests of Arla Plast, including its sustainability, or to ensure the financial viability of Arla Plast. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes resolutions to derogate from the guidelines.