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## **The Board of Directors of Sensys Gatso Group AB's (publ.) proposal concerning guidelines for remuneration and other employment terms and conditions for senior executives**

The Group Management fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or local practice, taking into account, the overall purpose of these guidelines.

*The guidelines' promotion of the Company's business strategy, long-term interests and sustainability*

In short, the Company's business strategy is the following.

- Expansion in the US-market with Traffic Enforcement as a Service
- Entry into new markets with Traffic Enforcement as a Service
- Developing scalable software & flexible hardware
- Extension of the service scope in existing markets

For more information regarding the Company's business strategy, please see [www.sensysgatso.com](http://www.sensysgatso.com)

The Company shall offer total remuneration at the prevailing market rate to enable the recruitment and retention of senior executives.

*Types of remuneration, etc.*

Remuneration of the Group Management shall consist of a base salary, variable remuneration, pension and other benefits and remuneration. Together, these various parts shall comprise each individual's total remuneration.

Additionally, long-term share-related incentive plans can be implemented in the Company. Such plans are resolved by the General Meeting and are therefore excluded from these guidelines.

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

The base salary and variable compensation together constitute the senior executive's annual salary.

The base salary shall take into consideration each individual's area of responsibility and experience.

The variable compensation shall be linked to predetermined and measurable criteria. The variable compensation is based on the Company's net sales and EBITDA for the financial year, and may be paid to the

Group Management. For the CEO and other members of the Group Management the variable compensation can amount to a maximum 50 per cent of their annual base salary.

No variable compensation is to be paid out in the event of negative EBITDA. The Board of Directors is responsible for evaluating to what extent the criteria have been satisfied.

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.

The CEO shall benefit from a supplementary pension scheme with a premium that represents approximately 30 per cent of the current annual salary. Other members of the Group Management shall have the right to retirement pensions as per the Swedish ITP plan or equivalent. The retirement age is 65 years.

Other remuneration and benefits shall be paid at market rate and contribute to enabling each senior executive to fulfill their duties. Such benefits may be of a limited amount.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or local practice, taking into account, the overall purpose of these guidelines.

The CEO's employment contract includes termination conditions. The notice period is six months. If notice is made from the Company's side a severance pay in the form of another three months' salary is paid. The customary notice period of three to six months applies to all other members of the Group Management. The fixed salary shall remain unchanged during the notice period.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 9 months following termination of employment.

#### *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 Company does not have a Remuneration Committee, instead the Board of Directors handle all matters. The matters that would have been handled by a Remuneration Committee are instead handled by the Board of Directors, *inter alia*, preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors also monitors and evaluates questions regarding the CEO's terms of employment, pension benefits and variable remuneration, and resolute on corresponding terms regarding other senior executives. 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 Board of Directors 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 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 Board of Directors' tasks include preparing the resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

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**Jönköping, April 2022**

**The Board of Directors for Sensys Gatso Group AB (publ.)**