



*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **Guidelines for remuneration to senior executives**

### **Background and scope**

The Board of Directors of Pierce Group AB (publ) (“**Pierce**” or the “**Company**”) proposes that the Annual General Meeting 2023 resolves on the following guidelines for remuneration to the Company’s senior executives to be applied until further notice (however, no longer than until the Annual General Meeting 2027).

These guidelines apply to remuneration to senior executives in the Company. For the purposes of these guidelines, senior executives include the CEO, the deputy CEO (if applicable), and certain other executives who, from time to time, are members of the Pierce Executive Team.

These guidelines do not apply to any remuneration resolved upon or approved by the General Meeting and are only applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of these guidelines by the Annual General Meeting 2023.

### **Purpose and general principles of remuneration**

These guidelines constitute a framework under which the Board of Directors may determine remuneration to senior executives during the period of time for which the guidelines are in force.

Pierce is a leading European e-commerce company selling motorcycle and snowmobile gear, parts, accessories and streetwear to passionate customers through the online stores 24MX, XLMOTO, and Sledstore. For further information regarding Pierce’s strategic priorities, please refer to the Company’s annual report and the Company’s website, [www.piercigroup.com](http://www.piercigroup.com).

The Company’s remuneration guidelines shall be designed to ensure responsible and sustainable remuneration decisions that support the Pierce’s business strategy, long-term interests and sustainable business practices. Pierce strives to offer a total remuneration that is in line with market terms, thus enabling the Company to attract and retain qualified leaders. Total remuneration varies in relation to the individual’s responsibilities and performance.

Remuneration for senior executives may properly be adjusted where relevant to reflect mandatory rules in the relevant jurisdiction of employment and may be duly

adjusted to comply with established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

## **Elements of remuneration**

The remuneration to the senior executives covered by these guidelines may consist of a fixed salary, variable cash remuneration, pension and non-financial benefits. Further, the General Meeting may resolve on long-term share-based incentive programs that senior executives may participate in; these long-term share-based incentive programs are excluded from these guidelines.

## **Principles for fixed cash salary**

The fixed salary forms the basis of the total remuneration and shall be in line with market conditions, be competitive, and reflect the responsibilities associated with the position as well as the individual's competence and performance. The fixed salary is reviewed annually.

## **Principles for variable cash remuneration**

The variable cash remuneration is to be in line with market terms, capped, and linked to the fixed remuneration. Variable cash remuneration may amount to a maximum of 70 per cent of the fixed cash salary for each senior executive (in this context, fixed salary means cash salary earned during the year, excluding pension, benefits and similar).

Variable cash remuneration shall be based on at any given time predetermined and measurable criteria, aimed at promoting Pierce's long-term value creation. Such criteria could for instance be associated with sales, cash flow, EBIT, return on equity or similar key performance ratios or sustainability matters. By linking the goals in a clear and measurable way to the remuneration of the senior executives to Pierce's financial and/or operational development, they contribute to the implementation of the Company's business strategy, long-term interests and sustainable business practices.

The variable remuneration to the senior executives is subject to annual review and approval by the Board of Directors. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. The extent to which the criteria for awarding variable cash remuneration have been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee of the Board of Directors is responsible for the evaluation of the variable salary to the senior executives. The Board of Directors will approve any variable payouts to the senior executives.

Variable cash remuneration is not pensionable unless mandatory by law or by applicable collective bargaining agreements. The Company has not previously been able to recover the cash variable remuneration on a contractual basis, but future programs shall give the Company the possibility, in whole or in part, to reclaim variable cash remuneration paid on incorrect grounds.

### **Principles for long-term incentives**

Long-term incentives shall be in the form of shares or equity-related instruments, promoting a balance between short-term achievements and long-term thinking. Long-term incentive programs shall ensure a long-term commitment to the development of Pierce. Any share or equity-based incentive programs shall be resolved upon by the General Meeting.

### **Principles for termination and severance pay**

In the event of termination of employment, the notice period should be in line with market terms and not exceed a 12-month period of notice and 6 month's severance pay when the termination is initiated by Pierce. When termination is initiated by the senior executive there should be no severance pay. Fixed salary during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate never exceed an amount equivalent to the fixed salary for two years.

### **Principles for pension and non-financial benefits**

Pension benefits may not amount to more than 30 per cent of the fixed cash salary of each senior executive, provided that mandatory provisions of applicable collective bargaining agreements do not require a higher pension provision. Pension benefits shall, wherever possible, only include defined contribution plans, provided that mandatory provisions of applicable collective bargaining agreements do not require otherwise.

Non-financial benefits may include, inter alia, health insurance and parking space. Non-financial benefits may be provided to individual or all senior executives and are to reflect market practice. Premiums and other costs relating to non-financial benefits may not amount to more than 15 per cent of the fixed cash salary of each senior executive.

### **Extraordinary circumstances**

One-off payments can be made on individual level in extraordinary circumstances when deemed necessary and approved by the Board of Directors. The purpose might be in relation to recruitments, retention of senior executives needed to secure implementation of the business strategy and extraordinary efforts in special projects, including but not limited to transformation, savings and restructuring programs and

M&A projects.

One-off payments may not amount to more than 100 per cent of the fixed cash salary and cannot be paid more than once per year and per individual.

## **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these 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.

## **Preparation and review of these guidelines**

These guidelines have been prepared by the Board of Directors' remuneration committee. The remuneration committee shall have a preparatory function, in relation to the Board of Directors, in respect of principles for remuneration and other terms of employment regarding the senior executives. With the recommendation of the remuneration committee as the basis, when the need arises for significant changes in the guidelines, but at least every fourth year, the Board of Directors shall prepare a proposal for guidelines for resolution by the Annual General Meeting. The Annual General Meeting shall decide on such proposal. Resolved guidelines may also be amended by way of resolution by General Meetings other than Annual General Meetings. The guidelines shall be in force until new guidelines have been adopted by the General Meeting.

Within the scope and on the basis of these guidelines, the Board of Directors shall, based on the remuneration committee's preparation and recommendations, annually decide on specific revised remuneration terms for each senior executive and make such other resolutions in respect of remuneration for senior executives that may be required.

The members of the remuneration committee are independent in relation to the Company and the senior executives. The CEO and the other senior executives do not participate in the Board of Directors' handling of and resolutions regarding remuneration-related matters if they are affected by such matters.

The Board of Directors has not received any comments from the shareholders regarding current guidelines for remuneration to senior executives. The Board of Directors' proposal on guidelines for remuneration to senior executives corresponds, in all material respects, to existing guidelines, except that (i) the maximum variable cash remuneration has been increased from 40 per cent to 70 per cent of the fixed

cash salary for each senior executive, (ii) there have been some clarifications as regards the criteria for payment of variable cash remuneration as well as on how variable cash remuneration can contribute to the implementation of the Company's business strategy, long-term interests and sustainable business practices, (iii) wording has been added as regards the Company's possibilities to recover variable cash remuneration, (iv) wording has been added under what conditions non-financial benefit payment can be made, and (v) a new section has been added as regards under what extraordinary circumstances one-off payments can be made.

### **Derogations from these guidelines**

The Board of Directors has the right to temporarily resolve to derogate from these guidelines, in whole or in part, if there is an individual case with special grounds for such 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. The guidelines are subject to compulsory conditions in accordance with mandatory legislation or applicable collective agreements.

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Stockholm in April 2023  
The Board in Pierce Group AB (publ)