



# Better Collective A/S

## Remuneration policy

CVR no. 27 65 29 13



## 1. Introduction

- 1.1 This document constitutes the general policy (the “**Remuneration Policy**”) as approved by the general meeting of Better Collective A/S (the “**Company**”) for remuneration offered to members of the Board of Directors and the Executive Management of the Company. The Remuneration Policy replaces the ~~General Guidelines for Incentive Remuneration to the Board of Directors and the Executive Management Remuneration Policy~~ as adopted by the Annual General Meeting on ~~May 2, 2018~~April 22, 2020.

The Executive Management includes executives in the Company registered as such with the Danish Business Authority (in Danish: *Erhvervsstyrelsen*).

- 1.2 Pursuant to section 139 and 139a of the Danish Companies Act, the Board of Directors of a Danish company admitted to trading on a EU regulated market must adopt a Remuneration Policy for the Board of Directors and the Executive Management. Such policy shall be approved by the Company’s shareholders at a General Meeting.
- 1.3 Agreements about remuneration for members of the Board of Directors or Executive Management entered into before the adoption of these guidelines will continue on already agreed terms. Any amendment of existing agreements as well as conclusion of new agreements with the members of the Board of Directors or the Executive Management are subject to the below policy and may at the earliest be entered into on the day after the approved Policy has been published on the Company’s website.

## 2. Underlying principles and correlation between remuneration and long-term interests, business strategy and sustainability

- 2.1 The overall objective of the Remuneration Policy of Better Collective is to attract, motivate and retain qualified members of the Board and the Executive Management as well as to align the interests of the Board and the Executive Management with the interests of the Company’s shareholders and other stakeholders. The remuneration of the Board and the Executive Management shall be designed to support the strategic goals of Better Collective and to promote value creation for the benefit of the shareholders of Better Collective.
- 2.2 The Remuneration Policy contributes to and supports the company's business strategy as well as long-term interests through different mechanisms. The short-term incentive program (the “**STI**”), which is a cash-based bonus scheme for the Executive Management, applies performance criteria (the “**KPIs**”) and associated financial and non-financial goals for one year at a time. The KPIs are typically, but not necessarily, directly linked to the financial targets communicated to the market. The Board of Directors will review and adjust these annually to reflect any changes in strategy and the Company's situation.
- 2.3 The long-term incentive program (the “**LTI**”), which is a share-based incentive scheme, seeks to secure the Executive Management’s incentive to safeguard the Company's long-term interests. The fact, see paragraph 4.5 below, that the share-based incentive has a minimum 3-year vesting period and that the vesting of warrants may be subject to fulfillment of certain financial vesting targets ensures that the Executive Management are continuously exposed to the share price development for up to a 5-year horizon. The combination and distribution between the STI and the LTI thus seeks to ensure a balance between short-term and long-term results to the benefit of the Company, its shareholders and other stakeholders.



~~2.4 One third of the Board of Directors' fixed annual remuneration is paid out in shares in the Company which must be held in custody by the Board members for a minimum of three years with the purpose of aligning the interests of the Company's shareholders and the members of the Board of Directors in regard to the development of the share price.]~~

2.5~~2.4~~ The Remuneration Policy ensures a correlation between Executive Management remuneration and long-term value creation which is in the interest of shareholders as it strengthens the sustainability of Better Collective's business model. The LTIP's financial improvement incentive and retention element both contribute to long-term value creation and sustainability in the company.

2.6~~2.5~~ The remuneration and other relevant terms of employment of Better Collective's employees have been taken into consideration in the preparation of this Remuneration Policy. The remuneration of Better Collective's employees is based on the following principles:

- Remuneration is based on local conditions in the markets where Better Collective operates
- Remuneration principles and structure apply to all employees irrespective of their geographic location, but the actual remuneration depends on local market conditions and may therefore vary by country
- To ensure transparency in performance-related pay, KPIs are used, primarily growth and the profitable development of Better Collective's business
- To ensure that key employees focus on the long-term interests of the shareholders, share-based incentive plans are related to business performance or improved share price performance

### **3. Remuneration of the Board**

3.1 The members of the Board are remunerated with fixed annual fees approved by the General Meeting. All members of the Board receive an annual base fee which shall be in line with market practice of comparable listed companies taking into account the required competencies, effort and scope of work of the members of the Board. The Chairman of the Board receives 3 times the annual base fee for ~~his/her~~<sup>their</sup> extended duties. ~~The Vice Chairman of the Board receives 2 times the annual base fee for their extended duties.~~ All members of the Board, who are also members of the committees established by the Board, receive an additional fixed fee as remuneration for their committee work. The Chairman of a committee receives 2 times the annual fixed fee for the committee. The size of the fixed committee fee depends on the competencies, effort and scope of work required by the members of each committee.

~~3.2 [One third of the total fixed annual remuneration is converted into a number of Better Collective shares by applying the average share price of the Better Collective share in the 3-day period following the release of the Q4 full year report for the previous financial year (i.e. the Q4 full year report for the financial year previous to the financial year during which the shares have been earned). The calculated numbers of shares are transferred to the Board members' custody accounts once annually following the release of the Q4 interim report for the financial year during which the shares have been earned. Any remuneration for tasks, which are outside the normal duties of a Board member and any travel allowance (ref 3.3 and 3.5), are not included for purposes of calculating the number of Better Collective shares allocated. The shares must be held in custody by Board members for a minimum period of three years. This condition only applies to Board members continuing as members of the Board after the Annual General Meeting.]~~



3.33.2 Members of the Board may be entitled to reasonable travel allowance and participation in relevant training. In the event a member of the Board takes on specific ad hoc tasks outside the scope of ordinary tasks of the Board in accordance with the Rules of Procedure of the Board, the member may be offered a fixed fee for the work carried out related to such tasks.

3.43.3 No retention or severance schemes apply for the Company's board members.

3.53.4 To remain competitive in the international market and to be able to attract and retain qualified members of the Board of Directors it is considered in the best interest of Better Collective and its shareholders to include the possibility to offer a share-based instrument to a new member/proposed candidate of the Board of Directors on a discretionary basis. A new member of the Board may be granted share-based instruments upon election given certain circumstances. The grant of share-based instruments to a new member of the Board of Directors is subject to approval by the Annual General Meeting. The share-based instruments granted to the Board of Directors may be in the form of warrants in line with the Company's established LTI program for key employees and the Executive Management. To ensure the Board's independence and supervisory function, the Nomination Committee shall in its sole discretion determine whether or not to endorse a proposal for a grant of a share-based instrument to the proposed candidate for the Board of Directors, further vesting of warrants granted to such new members of the Board of Directors shall not be subject to fulfilment of forward-looking performance criteria.

#### **4. Remuneration of the Executive Management**

4.1 The Executive Management's terms of executive employment and remuneration are agreed between the individual executive and the Board. The total remuneration of the Executive Management may consist of the following fixed and variable remuneration components:

- (a) a fixed base salary including pension contributions (the "Base Salary")
- (b) variable remuneration consisting of STI (up to 100% of the Base Salary)
- (c) variable remuneration consisting of LTI (up to 100% of the Base Salary)
- (d) customary non-monetary executive employment benefits
- (d) termination and severance payment

The purpose of these remuneration components is to create a well-balanced remuneration package reflecting individual performance and responsibility of the members of the Executive Management in relation to established financial and non-financial targets and the Company's overall performance.

##### **4.2 Base salary**

The annual base salary is determined with a view to provide a competitive remuneration to attract and retain members of the Executive Management with the required professional and personal competences. The annual base salary for the members of the Executive Management shall be in line with market practice and based on the individual member's responsibilities and performance. The members of the Executive Management shall be entitled to customary non-monetary benefits as approved by the Board. The members of the Executive Management can also participate in the pension scheme of the Company, which for the Executive Management may amount to up to 16% of the fixed remuneration.

##### **4.3 Variable remuneration**

In addition to the annual base salary, the members of the Executive Management may receive variable remuneration which shall be based on the individual performance and responsibility of the members of the Executive Management in relation to established financial and non-financial targets, both in the short and the longer



term, as well as the Company's overall performance. The Executive Management may, at the discretion of the Board, be entitled to participate in the following incentive schemes:

- (a) Cash bonus (STI)
- (b) Share-based incentive (LTI)

#### 4.4 **STI**

Cash bonus schemes consist of an annual bonus, which the individual member of the Executive Management can receive if KPIs and associated financial and non-financial goals of the Company and other possible personal targets for the relevant year have been met. The maximum cash bonus shall be equivalent to 100 percent of the Base Salary of each eligible participant of the Executive Management. Payment of bonus is only relevant when KPIs have been fully or partly met (as determined by the Board of Directors). If no targets are met, no bonus is paid out. Targets for the Executive Management shall be agreed upon in advance by the Board of Directors and the Executive Management.

#### 4.5 **LTI**

The general meeting decides whether or not to establish an LTI. The LTI program shall be based on the issuance of share based rights in the Company ("Warrants"). Each Warrant will entitle the recipient to receive one share in the Company against payment of an exercise price (determined in connection with the implementation of the LTI program) after a minimum three year vesting period, provided the targets for vesting are met. When an LTI program is established, the Executive Management may participate with an awarded value of shares and/or warrants for the grant year of up to 100 percent of the annual base salary (at the time of grant). The value of the granted warrants is calculated in accordance with the Black-Scholes formula. Warrants granted under an LTI program will vest annually over a period of minimum three years from the date of grant. The targets for granting and/or vesting, if any, will be defined in advance by the Board of Directors. The targets may include financial and strategic targets of the Company as well as individual targets. If the targets have not been fully or partly met, vesting of the warrants will be reduced or lapse. It is a prerequisite for the Executive Management's vesting rights that their executive employment with the Company is not under notice or terminated for any reason by any party throughout the vesting period. This prerequisite may not apply in certain "good leaver" situations.

#### 4.6 **Termination and severance payment**

The Executive Management will typically be employed without a time limit, but with the right to reciprocal termination. The Company may terminate with a notice of termination of 12 months, while the Executive Management member may give notice to the company of 6 to 9 months. The total value of remuneration to each member of the Executive Management regarding the notice period, including severance pay, cannot exceed two years remuneration including all remuneration components. In the event of the death of a member of the Executive Management, the company may pay what amounts to up to 6 to 12 months' remuneration to the Executive Management member's survivor.

#### 4.7 **Clawback**

In the situation where bonus, warrants or other incentive remuneration have been provided to a member of the Executive Management on the basis of data or accounts which subsequently prove to have been misstated, the Company may reclaim the incentive remuneration in full or in part on the basis of such data.



## 5. Remuneration Committee and procedures to avoid conflicts of interest

The Board has established a remuneration committee (the “**Remuneration Committee**”) to ensure that the Company maintains and observes a Remuneration Policy for the members of the Board and the Executive Management. The Remuneration Policy and any changes thereto shall be approved by the Board as well as the General Meeting. Furthermore, the Nomination Committee, as appointed according to the instructions in the Company’s Articles of Association and the Swedish Corporate Governance Code, shall prepare and propose the fees to the Board of Directors and any fees for committee work. The Remuneration Committee shall evaluate and make recommendations for the remuneration of the members of the Board and the Executive Management. The Remuneration Committee shall retain its own advisers separate from the external advisers engaged by the Company and/or the Executive Management. To avoid conflicts of interest, the Remuneration Policy and the remuneration of the Board will be approved by the General Meeting, and the remuneration of the Executive Management will be approved by the Board. With respect to share components offered to proposed board candidates, such proposal is subject approval by the Company’s general meeting and further the proposal itself is subject to endorsement by the Nomination Committee.

## 6. Deviations from the remuneration policy

To achieve the overall objective of this Remuneration Policy, the Board of Directors may in special circumstances deviate from this Policy if any part of the Policy no longer drives business performance, the achievement of the Company’s strategy or employee motivation and retention. Any such deviation must be discussed in the Remuneration Committee who will provide a recommendation to the Board of Directors.

Any deviation from this Policy will be described and explained in the Company’s Annual Report and/or Remuneration Report. A change to any strategic component of remuneration will be disclosed on the Company’s Annual Report and /or the Company’s Remuneration Report.

## 7. Approval and Publication of the Remuneration Policy

This Remuneration Policy has been reviewed and approved by the Remuneration Committee and the Board and this Remuneration Policy shall be posted on the Company’s website ([www.bettercollective.com](http://www.bettercollective.com)) specifying the date of adoption by the General Meeting of the Company. This Remuneration Policy is applicable to remuneration programs with respect to the financial year 2020 and subsequent financial years. The Remuneration Policy shall be described in the Company’s annual report and the Chairman shall in connection with the report from the Board at the Annual General Meeting comment on the principles of the Remuneration Policy and compliance hereof. The Company will prepare a Remuneration Report, beginning from the full financial year 2020, in accordance with applicable law containing information on, inter alia total remuneration, for each of the Executive Management members and on an individual basis, and on compliance with the Remuneration Policy.

This Policy has been approved by the Board of Directors on March 2522, 2020-2022 and by the General meeting on April 22, 2020-2026, 2022.

## 8. Policy Review

The Remuneration Policy shall be reviewed by the Remuneration Committee at least on an annual basis.