

## **The Board of Directors' guidelines for remuneration of Senior Executives Annual General Meeting 2024**

### **1. General**

The Board of Directors of Kitron ASA ("Kitron" or the "Company") has prepared these guidelines for remuneration to the CEO and other members of Group Management ("Senior Executives") as well as representatives at the Board of Directors, in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act (the "Companies Act") for consideration at the Annual General Meeting on 25 April 2024, according to the Companies Act section 5-6 (3).

The guidelines apply to remuneration agreed after the Annual General Meeting 2024 and amendments to agreed remuneration made thereafter, and until new guidelines are adopted by the general meeting.

### **2. How the guidelines advance the company's business strategy, long-term interests and sustainability**

Kitron is an international Electronics Manufacturing Services (EMS) company. Kitron manufactures both electronics that are embedded in the customers' own product, as well as box-built electronic products. Kitron also provides high-level assembly (HLA) of complex electromechanical products for its customers. It also increasingly provides various related services within development, industrialisation, supply chain management, logistics and aftermarket services. Kitron's current strategy contains three key elements: (i) accelerated organic growth, (ii) continuous operational improvements and (iii) growth through targeted acquisitions. More information regarding the Company's strategic priorities can be found in the Company's annual report and on the Company's website ([www.kitron.com](http://www.kitron.com)).

Successful implementation of the Company's business strategy and safeguarding the Company's long-term interests, including its sustainability, require the Company to recruit and retain highly qualified Senior Executives. In order to do so, Kitron must offer competitive total remuneration, which these guidelines are intended to enable. Total remuneration should be on market terms and competitive and relate to responsibility and authority. At the same time, it is fundamental for the Company that the policies for the executive payment ensures financial sustainability and that the overall level of remuneration does not entail an unreasonable burden on the Company's liquidity and equity.

The remuneration guidelines seek to provide a clear framework for remuneration for Senior Executives, so that an environment that promote the Company's strategy and long-term goals can be developed and contribute to increased shareholder value.

### **3. Types of remuneration**

The compensation and benefit system for Senior Executives in Kitron shall be divided in several parts. These parts together shall be competitive and based on market conditions. The total remunerations shall consist of fixed annual compensation that includes annual base salary and

other benefits (such as pension plan and company car), as well as variable remuneration to ensure that appropriate incentives for Senior Executives are in place. The variable remuneration shall include a short-term incentive scheme (STI) and a long-term incentive scheme (LTI). The Company's remuneration policy for Senior Executives aims at focusing on development and growth and an increase in fixed compensation taking into account the relevant market conditions. Variable remuneration shall allow for an appropriate upside if Senior Management contributes to reaching strategic company and individual goals, as well as developing shareholder value in a long-term perspective.

Performance-related remuneration of the executive personnel in the form of share options, bonus programs or the like shall be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements incentivize performance and bonuses shall be based on mostly quantifiable factors over which the employee in question can influence. The share option program shall be linked to the overall performance of the Company and based on the share price development. Performance related remuneration shall be subject to an absolute limit.

The Company has sought to structure a plan combining base salary, short term incentives and long term incentive to (i) motivate the Senior Executives to strive to realise the Company's strategic goals including financial results, (ii) be suitable to attract and retain skilled leaders taking into account the market the Company participates in, and (iii) that the plan is taking into account the management salaries for comparable Senior Executives in similar businesses in the respective local markets.

### **3.1. Fixed salary**

The fixed salary shall consist of fixed cash salary. The fixed salary shall be based on market conditions and salary levels related to the actual position in the country in question. Annual salary reviews shall be performed in accordance with the employment contract and with reference to market reviews, as well as to the Kitron group financial performance.

### **3.2. Variable salary**

#### **3.2.1. Short term incentive schemes**

The short-term incentive scheme (STI) shall have specific targets and defined maximum pay-outs and shall be set on annual basis.

The variable salary shall be linked to one or several predetermined and measurable criteria, which can be financial, such as EBIT, ROOC and growth, or non-financial measures. The possible maximum pay-out shall be 100 per cent of annual fixed annual cash salary. By linking the remuneration to Senior Executives to the Company's earnings as well as economic sustainability, the criteria contribute to the Company's business strategy, long-term interests and competitiveness.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Further variable cash remuneration may be awarded in extraordinary or exceptional circumstances, provided that such extraordinary or exceptional arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining Senior Executives, or as remuneration for extraordinary or exceptional tasks or performance. Such remuneration may not exceed an amount corresponding to 200 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

### **3.2.2. Long-term incentive scheme**

Kitron's long-term incentives scheme shall be a share-based program intended to drive and reward long-term business objectives and to maximize alignment with shareholder value and financial sustainability. The Company has established a share option program as further described below and that may be continued for Senior Executives during the period of these guidelines.

The Board of directors may introduce a new share option program for executive management comprising of up to 3 200 000 shares. The program may be divided into four three year sub programs, each with an allocation of 800 000 options.

The share option program entails that executive management, on certain terms, may be granted a right to subscribe for shares in Kitron at NOK 0.10 per share after a vesting period of three years. The number of options that are vested for each sub program, are linked to development of the market capitalization at Oslo Stock Exchange, adjusted for dividends and share buy-backs. For each program to vest fully, the market capitalization adjusted for dividends and share buy-backs must increase 50 per cent. The program starts to vest at an increase of 20 per cent, and will vest linearly between 20 per cent to 50 per cent.

Each sub program is capped at 200 per cent increase of the market capitalization, adjusted for dividends and possible share buy-backs.

Any shares delivered as a result of exercising options are subject to a three year lock-up period. During the first year of the lock-up period, no sales are allowed. The following two years, 1/8 of the option shares are released each quarter of the calendar year. Further, the program has a claw back clause that provides the Company with a right to purchase option shares if the option holder's employment with the Company is terminated and the criteria of the program are not met during the lock-up program.

### **3.3. Pension**

Pension plans, based on defined contribution plans, shall be in place following the practice and regulations in each country. Current established practice for pension plans may be continued for Senior Executives during the period of these guidelines.

The CEO and Senior Executives shall be members of Kitron's general pension contribution scheme that applies to all Kitron employees. Some of the Senior Executives may receive an additional pension contribution. The Norwegian based Senior Executives shall receive an additional pension

contribution corresponding to 20 per cent of the base salary between 12G and 24G. "G" is the basic amount of the Norwegian Social Insurance Scheme regulated by Parliament as of 1 May each year.

The CEO may receive an additional yearly pension contribution for an amount equivalent to maximum 50% of base salary.

### **3.4. Other benefits**

Other benefits may be granted to Senior Executives, which may include, for example, company car, travel benefits and health insurance, shall be on market terms and only constitute a limited part of the total remuneration. Premiums and other costs associated with such benefits may amount to a maximum of 20% of the fixed annual salary.

The cost may exceed 20%, but shall then not exceed 70% of annual base salary. Where a decision is taken to allow the cost to exceed 20% there must be special circumstances. Examples of special circumstances include overnight accommodation or visits home that are taxed as benefits where these are paid for in full or in part by the employer due to the executive's family residing in a different location to the executive's place of work.

## **4. Employment arrangements that are entirely or partly subject to rules other than Norwegian rules**

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

Senior Executives whose employment arrangements are entirely or partly regulated by rules other than Norwegian rules may receive a level of remuneration or remuneration components that deviate from these guidelines. However, the total remuneration shall be assessed as being relevant as regards promoting the Company's and the Group's business strategy, long-term interests and sustainability, and the terms shall be adapted to binding legislation, regulation and practice in the market concerned.

Senior Executives whose terms of employment are entirely or partly regulated by other than Norwegian rules may be covered by an expanded package of other benefits. The value of this expanded package shall not exceed 200% of their fixed annual salary. Examples of benefits that may be included in an expanded package include paid accommodation, insurance for working abroad, payment of school fees for accompanying children and paid visits home for the family. The expanded package and the upper limit shall normally be restricted to be applied for expatriate arrangements and other similar agreements whereby the Senior Executive incurs significant additional costs as a result of its assignments for the Company.

## **5. Termination of employment and severance pay**

Regulations for termination of employment and severance pay shall be set out in the individual employment agreements with Senior Executives. For the CEO and other Senior Executives, the notice period shall be six months in case of termination by the Senior Executive. In case of termination by the Company the maximum notice period shall be 6 months for Senior Executives other than the CEO. The Company's CEO shall normally have an agreement that enables the

Company to request that the CEO resign immediately if this is considered to be in the Company's interest. The Company currently may at any time terminate the CEO employment without further notice.

The notice of termination of employment is 6 months from both the Company and the relevant Senior Executive. In case of termination by the Company, severance pay may be payable in an amount corresponding to a maximum of 6 months fixed salary for Senior Executives other than the CEO, giving a total maximum pay of 12 months. For the CEO, severance pay payable in an amount corresponding to a maximum of 6 months fixed salary may be agreed together with an additional severance pay of a gross lump sum corresponding to 9 months fixed salary at the time of termination, giving a total maximum pay of 15 months. The severance pay may be payable regardless of whether the Company request the CEO or a Senior Executive to remain in its position during any notice period.

An agreement on severance pay shall, if this is relevant, normally be entered into when establishing employment relationships, but may in special cases also be agreed upon termination of employment. Agreements on severance pay may be entered into where it is deemed necessary to meet the Company's needs in order to ensure that the composition of Senior Executives at all times is in accordance with the Company's needs. Severance schemes shall in general be sought to be formulated in a way that they are acceptable internally and externally.

## **6. Fees to Employee Board Members**

Representatives of the employees at the Company's Board of Directors receive salaries and other compensation in accordance with their employment agreements. There is no other remuneration payable to such employees as a result of being members of the Board of Directors other than costs and expenses incurred and any remuneration resolved by the general meeting.

The general meeting resolves the remuneration to members of the Board of Directors following recommendations from the Company's Nomination Committee. The Nomination Committee is independent from the Board of Directors.

Members of the board of directors may be engaged to provide professional services in addition to the work provided as a director. Such services shall be provided in accordance with arm's length principles and be documented in written agreements between the board member and the Company.

## **7. 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.

## **8. Decision process for establishing, reviewing and implementing the guidelines**

The Board of Directors has established an HR & Remuneration Committee. The members of the remuneration committee are independent in relation to the Senior Executives. The Remuneration Committee shall monitor and evaluate the application of the guidelines, variable remuneration programs for Senior Executives that are ongoing and those that were concluded during the year, as well as remuneration structures and levels within the Company and the group. For each financial year the Board of Directors shall prepare a remuneration report and make this available to shareholders on the Company website at least three weeks prior to the Annual General Meeting.

The duties of the Remuneration Committee include preparing the Board of Directors' resolution on proposed guidelines for remuneration of senior executives. The board is to prepare proposed new guidelines at least every four years and submit the proposal for decision at the Annual General Meeting. The guidelines shall apply until new guidelines have been adapted by the Annual General Meeting.

Proposed new or revised fixed cash remuneration and variable remuneration for the CEO of Kitron ASA shall be prepared by the HR & Remuneration Committee for decision by the Board of Directors. Remuneration to other Senior Executives shall be decided by the CEO in line with approved policies and after consultation with the Remuneration Committee. The CEO and other Senior Executives of Kitron ASA shall not be present when the board is deciding on remuneration-related matters that pertain to them individually.

## **9. Deviation from the guidelines**

The Board of Directors may decide to deviate entirely or partly from the guidelines in individual cases provided that there are judged to be special circumstances that make it necessary to deviate from the guidelines in order to satisfy the long-term interests of the Company and the group or to ensure the financial viability of the Company and the group. If the Board of Directors resolves to deviate from the guidelines in accordance with the above procedure, the deviation shall in any case not constitute a change of more than 100 % of the relevant Senior Executive's total remuneration in accordance with these guidelines. The Remuneration Committee prepares the Board of Directors' assessments of matters concerning remuneration, including deviations from these guidelines.

For further information on executive remuneration, please refer to the Remuneration Report

Oslo, 20 March 2024

The board of directors of Kitron ASA