



The board of directors' of BHG Group AB (publ) proposal regarding guidelines for the determination of remuneration to senior executives

General

The CEO and the two additional individuals in the company's executive management fall within the provisions of these guidelines. The guidelines are forward-looking, meaning that they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2021 Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

How the guidelines promote the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to leverage its leading position in the online home improvement market to continue benefiting from the market's underlying growth as a result of increasing online penetration and to couple organic expansion with further active consolidation measures, such as M&A.

For more information regarding the company's business strategy, please see the company website www.wearebhg.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration.

These guidelines enable the company to offer the executive management a competitive total remuneration package.

Long-term share-related incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the board of directors and submitted to the 2021 Annual General Meeting for approval is excluded for the same reason. The proposed plan essentially corresponds to existing plans. The plans include senior executives, key individuals and employees in the company. The plans are conditional upon the participant's own investment and holding periods of several years. For more information regarding these incentive plans, please see www.wearebhg.com.

Variable cash remuneration covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The fixed cash salary shall be individual and based on the responsibility and role of the senior executive, as well as the executive's competence and experience in the relevant position.

Variable cash remuneration may not amount to more than 200 per cent of the fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or

retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration is to be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the CEO, pension benefits, including health insurance (*Sw: sjukförsäkring*), is to be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium-defined pension are to amount to not more than 100 percent of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be premium-defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium-defined pension may not amount to more than 100 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (*Sw: sjukvårdsförsäkring*) and company cars. Premiums and other costs relating to such benefits may not amount to more than 100 percent of the fixed annual cash salary.

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

Termination of employment

Upon termination of an employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for two years. When termination of employment is initiated by the executive, the notice period may not exceed nine months, without any right to severance pay.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration is to be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria are to be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or promote the executive's long-term development.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The extent to which the criteria for awarding variable cash remuneration have been satisfied is to be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation insofar as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation is to be based on the latest financial information made public by the company.

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 development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

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 executive remuneration. The Board of Directors is to prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines are to remain in force until new guidelines are adopted by the General Meeting. The Remuneration Committee is also responsible for monitoring and evaluating programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration and the current remuneration structures and remunerations levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. 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 Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

The proposal for guidelines submitted to the 2021 Annual General Meeting does not include any significant changes in relation to the company's current guidelines for remuneration. BHG Group AB (publ) has not received any views from shareholders to take into consideration in the preparation of this proposal.

Malmö in April 2021
BHG Group AB (publ)
The board of directors