

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

Scope of the guidelines. etc.

These guidelines cover the persons who, during the period of validity of the guidelines, are members of the Group Management of Zinzino AB (publ), hereinafter collectively referred to as “senior executives”. The guidelines shall apply to remuneration agreed and changes made to remuneration already agreed, after the guidelines have been adopted by the Annual General Meeting 2021. The guidelines do not apply to remuneration approved by the Annual General Meeting. The guidelines shall apply indefinitely, but at the latest until the 2025 Annual General Meeting.

Promoting Zinzino’s business strategy, long-term interests and sustainability

The successful implementation of the Company’s business strategy and the safeguarding of the Company’s long-term interests requires the Company to be able to recruit and retain qualified employees. Zinzino strives to become the leading direct sales company in the world. To achieve this, the Company is working to grow sales and create additional profitability in its various markets. It is key for Zinzino to create incentives among senior executives for commitment, forward thinking and activities that drive sales and profitability while strengthening the Zinzino brand in a sustainable manner. Senior executive remuneration must ensure that the company is able to recruit and retain qualified employees and that management has the right focus and is encouraged to adopt the correct behaviours. The forms of remuneration should be market-based and competitive based on the conditions in the markets in which Zinzino operates and designed to motivate senior executives to do their utmost to create shareholder value. Individual remuneration levels are based on experience, skills, responsibilities and performance and the country in which the executive is employed. These guidelines contribute to the Company’s business strategy, long-term interests and sustainability as set out below in relation to variable remuneration criteria and contribute to the Company’s ability to retain qualified employees in the long term.

Principles for different types of remuneration

The total remuneration of senior executives must be in line with market conditions and consist of a base salary (fixed cash remuneration), variable cash remuneration, pension benefits and other benefits. In addition - and independently of these guidelines - the General Meeting may resolve on, for example, share and share price related remuneration.

Fixed remuneration

The fixed remuneration, the base salary, shall be based on the individual’s responsibilities, authorities, skills, experience and performance.

Variable remuneration

The distribution between fixed and variable compensation shall be proportionate to the responsibilities and powers of the executive. Variable remuneration shall always be limited in advance to a maximum amount and linked to predetermined and measurable criteria, designed to promote the company’s growth strategy and long-term value creation.

Annual variable remuneration

For senior executives, the annual variable remuneration (annual bonus) shall be capped at 50% of the fixed annual base salary for the CEO and 8.3% for other senior executives. The variable remuneration shall be based on the targets set by the Board of Directors. The targets are related to EBITDA results and sales growth. All members of the Group management have the same target for annual variable remuneration in order to promote the interests of the shareholders, the company's values and to jointly strive to achieve the company's business strategy, long-term interests and sustainable development of the company.

Determination of the outcome of variable remuneration, etc.

At the end of the measurement period for the fulfilment of the criteria for the payment of variable cash remuneration, the Board of Directors, acting on a proposal from the Remuneration Committee, shall determine the extent to which the criteria have been fulfilled. In its assessment of the fulfilment of the criteria, the Board of Directors, acting on a proposal from the Remuneration Committee, may grant exceptions to the targets set on the grounds set out in Section 5 below. As regards the achievement of financial targets, the assessment shall be based on the most recently published financial information of the company with any adjustments determined in advance by the Board of Directors when implementing the programme. Variable cash remuneration is paid at the end of the measurement period (annual variable remuneration).

Zinzino is actively engaged in ensuring that the company is managed in the most sustainable, responsible and efficient manner possible and that applicable laws and regulations are complied with. Zinzino also applies internal rules that include a Code of Conduct and various Group-wide governance documents (policies, instructions and guidelines) in a number of areas. Variable remuneration shall not be paid and variable remuneration shall be recoverable if senior executives have acted in violation of these rules, principles or the Company's Code of Conduct. No variable remuneration shall be paid if profits before tax are negative. The Board of Directors shall have the possibility, by law or contract, to reclaim all or part of any variable remuneration paid on an incorrect basis.

Other variable remuneration

Additional variable cash compensation may be paid in extraordinary circumstances, provided that such extraordinary arrangements are made solely for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount equal to 100% of the base salary and may not be paid more than once a year per individual. Resolutions on such remuneration shall be adopted by the Board of Directors action on a proposal from the Remuneration Committee. In addition to the above variable remuneration, there may be from time to time approved share or share price-related incentive schemes as described above.

Pension and health insurance

Pension rights for the CEO shall apply from the age of 65. Pension premiums for the CEO shall not exceed 30% of the fixed base salary and shall be a defined contribution. Variable cash remuneration shall not be pensionable.

For other senior executives, the retirement age is also 65 years. The pension agreement stipulates that the pension premium shall amount to a maximum of 30% of the pensionable salary and be a defined contribution according to ITP2. No pension commitments have been made for board members who do not have permanent employment in any group company.

With respect to employment relationships governed by regulations other than Swedish regulations, appropriate adjustments may be made in respect of pension and other benefits to comply with such mandatory regulations or established local practice, whereby the overall purpose of these guidelines shall be met as far as possible.

Other benefits

Other benefits, such as a company car, extra medical insurance and occupational health care, shall be paid to the extent that this is deemed to be in line with market conditions for senior executives in equivalent positions in the labour market in which the executive is employed. The total value of these benefits may not exceed 15% of the fixed base salary.

Terms of termination

Senior executives shall be employed for an indefinite period. A mutual notice period of 12 months applies between the Company and the CEO. In the event of termination by the Company, the salary will be paid for 12 months even if the CEO is relieved of his/her duties. A mutual notice period of 3-6 months applies between the Company and other senior executives.

Salary and employment terms for employees

In preparing the Board's proposal for these remuneration guidelines, the remuneration and terms of employment of the Company's employees have been taken into account by providing information on the total remuneration of employees, the components of remuneration and the increase and rate of increase of remuneration over time as part of the decision-making process of the Remuneration Committee and the Board in evaluating the appropriateness of the guidelines and the limitations imposed by them. The development of the gap between the remuneration of senior executives and that of other employees will be reported in the remuneration report to be submitted for the first time in 2022.

The decision-making process for determining, reviewing and implementing the guidelines

The Board has already established a Remuneration Committee. The committee's duties include preparing the Board's decision on the proposed guidelines for the remuneration of senior executives. These are reviewed annually by the Board and presented for approval at the Annual General Meeting. The guidelines shall remain in force until new guidelines are adopted by the Annual General Meeting, but no later than the Annual General Meeting in 2025. The Remuneration Committee shall also monitor and evaluate variable remuneration plans for senior management, the application of the guidelines for remuneration of senior executives and the current remuneration structures and levels in the Company. The Board of Directors shall not consider and resolve on remuneration-related matters in the presence of the CEO or other members of senior management to the extent that they are affected by the matters.

Derogation from the guidelines

The Board of Directors may decide to temporarily derogate from the guidelines in whole or in part if there are special reasons for doing so in an individual case and a derogation is necessary to meet the long-term interests of the Company, the sustainable development of the Company or to ensure the financial viability of the Company. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration issues, including resolutions on derogation from the guidelines.

Other

The guidelines provide for a level of remuneration that is broadly consistent with the 2020 financial year.

Details of remuneration etc. to senior executives in the 2020 financial year are shown on page 83 (part of note 8 to the 2020 Annual Report), including any previously approved remuneration that has not yet become payable.

Gothenburg, April 2021

Zinzino AB

Board of Directors