

PROPOSAL OF THE BOARD OF DIRECTORS FOR IMPLEMENTATION OF A PERFORMANCE BASED LONG-TERM INCENTIVE PROGRAM (INCENTIVE PROGRAM 2023/2026) AND TRANSFER OF THE COMPANY'S OWN SHARES

To replace AAK's existing long-term cash bonus program, the Board of Directors proposes that the Annual General Meeting resolves on (i) establishment of a performance and share based long-term incentive program for senior executives and certain key employees within the AAK group ("**Incentive Program 2023/2026**") on essentially the terms and conditions set out under item A below, and (ii) transfer of the company's own shares to participants in the program in accordance with item B below.

The purpose of Incentive Program 2023/2026 is to influence and reward long-term performance and to further tie senior executives and key employees within the group to AAK and its shareholders. Through a share-related incentive program, the participants' compensation is linked to the company's result and development, thereby creating long-term incentives for the participants in the program. The incentive program is also expected to contribute to the possibilities to recruit and retain competent, motivated and committed employees. Incentive Program 2023/2026 has been prepared based on AAK's existing long-term cash bonus program and is intended to replace this program with substantially unchanged costs for the company.

A. Main conditions for Incentive Program 2023/2026

1. Incentive Program 2023/2026 is proposed to comprise approximately 70 senior executives and key employees within the AAK-group, who will receive a conditional right to be awarded AAK shares ("Performance Shares"), i.e. a right to receive shares at a future time provided that applicable performance requirements and conditions during the vesting period are met. The participants are divided into two groups: President and CEO and other members of the group management (Group 1) and persons directly reporting to the group management and other key employees (Group 2).
2. After the Annual General Meeting, each participant receives a conditional right to receive Performance Shares provided that the participant remains employed and has not given or received notice of termination of employment as per 28 February the year when the Performance Shares are transferred. Exceptions to this requirement can be announced, e.g. in case of participant's retirement or death.
3. The Performance Share rights shall be based on a maximum value for each participant category. The highest value for participants in Group 1 amounts to 40 percent of the participant's annual basic salary for the year 2023 and for participants in Group 2 to 25 percent of the participant's annual basic salary for the year 2023.
4. The maximum values stated above are converted into a maximum number of Performance Shares with application of the volume weighted average price of AAK AB's share on Nasdaq Stockholm during the period 4 March up to and including 8 March 2024. The Board of Directors shall have the opportunity to make adjustments as a result of extraordinary events such as bonus issue, share split, rights issue and/or other similar events. The participants' right to receive Performance Shares does not constitute a security and cannot be pledged or transferred.

5. Allocation of Performance Shares in Incentive Program 2023/2026 is linked to a performance requirement established by the Board of Directors based on earnings per share during the financial year 2023.
6. The performance requirements established by the Board of Directors will specify a minimum level that must be achieved in order for Performance Shares to be awarded and a maximum level corresponding to the maximum allocation of Performance Shares. The Board of Directors will decide on the outcome of the established performance requirement after the end of the measurement period. If the performance outcome is below the maximum level, but exceeds the minimum level, a proportional allocation of Performance Shares will take place. Information on performance requirements and outcomes will be provided at the latest in connection with the allocation of Performance Shares according to item 8.
7. The total allocation of Performance Shares may never exceed one (1) percent of the total number of shares in AAK. If this should occur, the allocation shall be reduced to ensure that the cap for allocation above is adhered to.
8. If all the conditions set out in Incentive Program 2023/2026 are met, the transfer of Performance Shares shall take place with half of the Performance Shares in the first half of the year 2025 and with the remaining half of the Performance Shares in the first half of the year 2026, whereby the number of Performance Shares shall be rounded off to the nearest whole number. Transfer is free of charge subject to tax. The reason for allocation of Performance Shares at such time that the time period between implementation of the program and allocation is in part less than three years is that the Board of Directors considers it important to maintain the principles and time limits applicable in AAK's existing long-term cash bonus program, which Incentive Program 2023/2026 is intended to replace. Furthermore, the Board of Directors assesses that the conditions for allocation of Performance Shares are appropriate and reasonable in order to fulfil the purpose of the program and to ensure that AAK can offer a competitive remuneration model.
9. The Board of Directors shall be responsible for the detailed design and management of the Incentive Program 2023/2026, within the framework of specified conditions and guidelines. The Board of Directors shall have the right to make adjustments due to local regulations or market conditions. The Board of Directors shall also have the right to make other adjustments, including inter alia a right to resolve on a reduced allocation of shares, if there are significant changes in the AAK Group or the outside world which, according to the Board of Director's assessment, would mean that the terms of Incentive Program 2023/2026 are no longer appropriate or reasonable.
10. In the event that the Board of Directors considers that the allocation of shares in Incentive Program 2023/2026 cannot take place at reasonable costs, with reasonable administrative efforts or due to special market conditions, the Board of Directors shall have the right to instead offer participants a cash settlement.

The program's scope and costs

The total costs associated with Incentive Program 2023/2026 assuming maximum target fulfilment and allocation of Performance Shares, is expected to amount to a maximum of MSEK 70, which is distributed over the duration of the program. The costs have been calculated as the sum of salary costs, including social security contributions and administrative costs for the program.

Incentive Program 2023/2026 will not lead to any dilution of the number of issued shares in the company as the program is proposed to be secured with either own shares or with a hedging arrangement with a bank or other financial institution through already issued shares.

The costs of the program are expected to have a marginal impact on the company's financial ratios.

Preparation of the proposal

The incentive program has been prepared by the Remuneration Committee and the Board of Directors with advice from external experts. The proposal has been resolved upon by the Board of Directors. The CEO has not participated in the preparation of the proposal.

Previous incentive programs in AAK

For a description of AAK's other share related incentive programs, please see the company's Annual Report 2022, note 8. Apart from the program presented therein, there are no other share related incentive programs in AAK.

B. Transfer of the company's own shares to the participants of Incentive Program 2023/2026

In order to secure the delivery of Performance Shares in accordance with the terms of Incentive Program 2023/2026, the Board of Directors proposes that the Annual General Meeting resolves that the company may transfer a maximum of 300,000 shares in the company on the following terms:

1. The right to receive shares shall be granted to such persons within the AAK Group who are covered by the Incentive Program 2023/2026. In addition, subsidiaries within the AAK group shall be entitled to acquire shares without consideration in order to immediately transfer such shares without consideration to participants in Incentive Program 2023/2026 in accordance with the terms and conditions of Incentive Program 2023/2026.
2. The right to receive shares shall be granted to the employee during the time that the employee is entitled to receive shares according to the terms of the Incentive Program 2023/2026, i.e. during 2025 and 2026.
3. Employees covered by the Incentive Program 2023/2026 shall receive shares in the company free of charge.
4. The number of shares in AAK that can be transferred within the framework of Incentive Program 2023/2026 shall be recalculated as a result of intervening bonus issue, share split, rights issue and/or other similar events.

The reason for the deviation from the shareholders' preferential right are that the transfer of the company's own shares is part of establishing the Incentive Program 2023/2026. The Board of Directors believes that the establishment of the program will be beneficial for the company and the shareholders since the participants are offered the opportunity to own shares in the company.

In the event that the required majority cannot be achieved for the transfer of the company's own shares to participants in Incentive Program 2023/2026 as described above, the financial exposure of Incentive Program 2023/2026 and delivery of shares according to the terms of the program is intended to be secured by the company entering into a share swap agreement with a

third party, whereby the third party shall acquire and transfer shares in the company to participants in Incentive Program 2023/2026 in its own name.

The Board of Directors proposes that resolutions according to item A and item B above should be made by the Annual General Meeting as two separate resolutions. The proposal according to item B regarding the proposed transfer of the company's own shares is conditional on the Annual General Meeting having resolved in accordance with item A regarding the implementation of the proposed Incentive Program 2023/2026.

Majority requirements

The proposal of the Board of Directors pursuant to item A above requires a resolution by the general meeting supported by shareholders representing more than half of the votes cast at the general meeting. The proposal of the Board of Directors on transfer of own shares to participants in Incentive Program 2023/2026 pursuant to item B above requires a resolution by the general meeting supported by shareholders representing at least nine-tenths of both the number of votes cast and the shares represented at the general meeting in order to be valid. The proposal to enter into a share swap agreement according to item B above requires a majority of more than half of the votes cast at the general meeting in order for the resolution to be valid.

Malmö in April 2023
The Board of Directors
AAK AB (publ)