

This document has been prepared by Mannheimer Swartling and Vinge, in cooperation with the Confederation of Swedish Enterprise. The purpose of this document is to provide a format for the remuneration report in accordance with the Swedish Companies Act 2005. Needless to say, the format must be tailored to each company's remuneration structure and other circumstances. Further guidance or requirements from bodies such as the European Commission and the Swedish Corporate Governance Board, or new developments in market practice, may necessitate amendments to this document. The document is not to be regarded, or relied upon, as advice from any of the above-stated authors and thus does not constitute a substitute for advice in the individual case.

THIS DRAFT IS BASED ON, AMONGST OTHER THINGS, THE EUROPEAN COMMISSION'S DRAFT GUIDELINES ON THE STANDARDISED PRESENTATION OF THE REMUNERATION REPORT, DATED 12 JULY 2019

INTRODUCTORY COMMENTS

This document mainly reflects the European Commission's draft guidelines on the standardised presentation of the remuneration report. However, we have indicated throughout the document that companies may choose to deviate from the format provided by the Commission and include narrative information instead of (or as a complement to) providing information in tabular form. Such deviations may well result in good disclosure.

In the below format for the remuneration report we have included incentive programs adopted by the general meeting, even though the remuneration guidelines adopted by the general meeting do not apply to remuneration decided or approved by the general meeting. Even though the Swedish Companies Act might not require that such remuneration be disclosed in the report, there is in our view an expectation that also such remuneration is included. We also believe that this is in line with how incentive programs are likely to be treated internationally.

With regard to financial instruments, e.g. stock options, issued/acquired at market price and without the company having subsidized the investment, this is not in our view remuneration that should be included in the different tables in the report. However, it would be prudent to disclose the holding and the conditions for the program under a separate heading in the report. Call options issued by shareholders without assistance/participation from the company should arguably be treated in the same way, i.e. such options are not remuneration that should be included in the tables of the report, whereas it would be prudent to disclose the holding and the conditions for the program under a separate heading.

Remuneration report 2020¹

Introduction

This remuneration report provides an outline of how [COMPANY'S] guidelines for executive remuneration (the "remuneration guidelines"), adopted by the annual general meeting 2020, have been implemented in 2020. The report also provides details on the remuneration of [COMPANY'S] CEO [and deputy CEO]. In addition, the report contains a summary of [COMPANY'S] outstanding share and share-price related incentive programs. The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the [Swedish Corporate Governance Code] / [Remuneration Rules ([DATE]) issued by the Swedish Corporate Governance Board].

Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554) is available in note [●] on p. [●]-[●] in the company's annual report for 2020 (the "annual report 2020").

Information on the work of the remuneration committee in 2020 is set out in the corporate governance report, which is available on p. [●]-[●] in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note [●] on p. [●]-[●] in the annual report 2020.²

Key Developments 2020

Overall company performance in 2020

[Provide brief information about the general performance of the company during the financial year including any specific events that occurred. The purpose of this introduction is to put the directors' remuneration during the reported financial year into context. Alternatively, provide a reference to the CEO's statement in the annual report or to other relevant information on the general performance during the financial year.]³

Overview of the application of the remuneration guidelines in 2020

[Provide a brief overview of the application of the remuneration guidelines. If there has been any deviation or derogation from the remuneration guidelines during the reported financial year, this could also be mentioned in the introduction, as well as information as to how the vote or the views of the shareholders⁴ on the remuneration report were taken into account. Key changes in the remuneration may also be highlighted in this section.]

¹ In its Draft Guidelines, the Commission has prescribed the following transitional regime: In the first financial years for which the reporting obligation exists, it may be that the company does not have readily available the required information for the previous financial years. In such cases, the company may choose to provide such information on previous financial years, clearly indicating this fact by way of a note, or omit the information for the financial years where the reporting obligation did not yet apply.

² If any other remuneration than board fees are paid to board members (e.g. consultancy fees), information on such remuneration must be provided in this report.

³ There is no legal requirement to provide this information – merely a recommendation from the Commission.

⁴ Not relevant for the 2020 report.

Under [COMPANY’S] remuneration guidelines, remuneration of executive management shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The remuneration guidelines, adopted by the annual general meeting 2020, can be found on p. [●]-[●] in the annual report 2020. The auditor’s report regarding whether the company has complied with the guidelines is available on the company’s website [*LINK*].

In addition to remuneration covered by the remuneration guidelines, the annual general meetings of [COMPANY] have resolved to implement [long-term share-related incentive plans] and on remuneration to the board of directors.

Table 1 – Total remuneration of the CEO [and deputy CEO] ([SEK])^{5 6 7}

Table 1 below sets out total remuneration paid to [COMPANY’S] CEO [and deputy CEO] during 2020[and 2019⁸].

⁵ Cf. Ch. 8, Sec 53 a, item 1 of the Companies Act: “The Report shall state /.../ the total remuneration to each and every executive, broken down by component, with information regarding the ratio of fixed to variable remuneration /.../”.

It should be noted that the Commission in its Draft Guidelines deviates from how information on remuneration is normally disclosed in the notes to the annual report, in particular when it comes to reporting multi-year variable remuneration. If a company chooses to use tables from the notes in the annual report, the report should include appropriate disclosure about this, as these tables deviate from the standardized presentation recommended in the Commission’s Guidelines.

⁶ Any remuneration from another entity within the Group should be set out in the table. Cf. Ch. 8, Sec 53 a, item 3 of the Companies Act: “The Report shall state /.../ remuneration paid to each and every executive from another undertaking within the same corporate group”. Pursuant to the Commission’s Draft Guidelines, horizontal rows should be added specifying the name of the companies/undertakings and the remuneration coming from each of them.

⁷ Information must also be provided on any remuneration awarded or due to former CEO/deputy CEO during the reported financial year (provided that the remuneration is awarded to a former executive in this capacity).

⁸ There is no legal requirement to include information on remuneration awarded during the previous financial year. If such information is provided, the information should be consistent with the data provided in the previous financial report. In case there has been a change in the methodology applied, a note should be added to describe that change.

Name of Director, position (start/end) ⁹	Financial year	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items ¹⁴	4 Pension expense ¹⁵	5 Total remuneration ¹⁶	6 Proportion of fixed and variable remuneration ¹⁷
		Base salary ¹⁰	Other benefits ¹¹	One-year variable ¹²	Multi-year variable ¹³				
[NAME] (CEO)	2020								
	[2019]								
[NAME] (deputy CEO)	2020								
	[2019]								

⁹ If the service period of a director has not lasted for the full reported financial year, the start/end date for the assignment should be specified either in the table or in a note.

¹⁰ According to the Commission's Draft Guidelines any fees of the director for the participation in meetings during the reported financial year should be reported separately.

¹¹ This column should include the value of any benefits and perquisites such as non-business or non-assignment related travel, medical, car, residence or housing, credit cards, and other benefits in kind or perquisites. Pursuant to the Commission's Draft Guidelines, the nature of these benefits should be explained in a note to the relevant row. Cost reimbursement resulting from fulfilment of the director's duties or tasks (e.g. travel or hotel expenses) and company assets or goods regularly provided to directors in order to fulfil their duties (e.g. mobile phone, tablet, laptop) should not be included. It must in each case be considered what constitutes a 'benefit'. As far as Sweden is concerned, a reasonable starting point for the assessment are the rules on taxable benefits, which could serve as guidance.

¹² This column should include the total monetary value (and number, where applicable) of annual bonuses of any form (cash, shares, phantom stock, warrants, stock appreciation rights or any other form of bonus) paid for or vested during the financial year, provided that the vesting/performance period does not exceed the financial year. If the amount reported includes types of remuneration other than cash and/or several types of bonuses or other remuneration, a note should be included to describe their type and value.

¹³ This column should include the total monetary value (and number, where applicable) of any variable components of remuneration paid for, or vested, during the relevant financial year but where the vesting/performance period exceeds this financial year (i.e. where the remuneration was granted or offered in previous years but vested during the reported financial year). This includes all forms of remuneration, such as cash and share-based remuneration including phantom stock, warrants, stock appreciation rights or any other form of remuneration. If the amount reported includes other than cash and/or several types of bonuses, a note should be included to describe their type and portion.

Shares/share options/other variable remuneration granted or offered during the reported financial year but which are subject to performance conditions not yet fulfilled during the reported financial year and therefore still uncertain, should not be presented under this Table 1 but in Tables 2 and 3 regarding share-based remuneration. The total value of vested shares and share based remuneration reported in the respective columns about one-year or multi-year variable remuneration of Table 1 should be the same as the corresponding value of the vested components of remuneration reported in column 10 in Table 2 and column 8 in Table 3 (see below).

¹⁴ This column should include any other non-recurring remuneration, whether in cash or in other form, such as a sign-on fee, retention bonus, redundancy payment, compensation for relocation, indemnity for non-competition, compensation or buyout from previous employment contracts or severance and termination payments or benefits.

¹⁵ This column should include the pension contributions that effectively took place during the reported financial year. It should include both fixed pension contributions and those that are variable or conditional upon the fulfilment of certain performance criteria. A note to the relevant row should be added to describe the type of the pension arrangement presented. Pursuant to the Commission's Draft Guidelines, the note should also, where applicable, explain what part of the pension contribution during the reported financial year relates to financing of a mandatory or statutory pension. However, as far as Sweden is concerned, social security contributions (*Sw: arbetsgivaravgifter*) should arguably not be included in the table. If necessary, a cross-reference can also be made to where further information on the pension arrangement or schemes can be found (e.g. duration of the pension arrangement or obligations, arrangements for the directors' heirs). For the purpose of clarity, it should be stated in the note whether the pension arrangement is of 'defined-benefit' or 'defined-contribution' nature. In our view, health insurance (*Sw: sjukförsäkring*) should also be included in this column, based on the assumption that such benefits are included among pension benefits pursuant to the company's remuneration guidelines.

¹⁶ Sum of Columns 1-4.

¹⁷ The relative proportion of fixed remuneration could be counted by dividing the sum of fixed components (i.e. Column 1 and the fixed part of the pension expense presented in Column 4) by the amount of total remuneration (i.e. Column 5), multiplied by 100.

The relative proportion of variable remuneration could be calculated by dividing the sum of the variable components (i.e. Column 2, the extraordinary items in Column 3 and the variable part of the pension expense in Column 4, if any) by the amount of total remuneration, multiplied by 100.

The outcome of the aforementioned calculations should be presented in the column as a ratio between xx% / yy%.

Additionally, in order to illustrate how the directors' remuneration contributes to the long-term performance, it is recommended (although not required) in the Commission's Draft Guidelines that the relative proportion of short-term and long-term remuneration is also provided separately where long-term performance criteria relate to at least **5 years performance**, splitting the column of the table accordingly.

Share based remuneration

Outstanding share and share-price related incentive programs

[Provide a summary description of each outstanding share and share-price related incentive program and any such program that was completed during the year. See rule 10.6 of the Swedish Corporate Governance Code.]

Remuneration of the CEO [and the deputy CEO] in shares and share options¹⁸

[In addition to the above summary description under rule 10.6 of the Code, a more detailed description of the share-based remuneration of the CEO and any deputy CEO must be provided. In its Draft Guidelines, the EU Commission has provided two tables for this purpose (Table 2 and Table 3). However, depending on the remuneration structure of the individual company, the relevant disclosure may not easily fit into the tables provided by the EU Commission in its Draft Guidelines. The disclosure may be more easily understood if the company provides a narrative description of each of the outstanding share and share-price related incentive programs in which the CEO and any deputy CEO participate, either to complement the information in table 2 and 3 or to replace the table(s). If the information requested in the Draft Guidelines can be provided in narrative form, this may well result in better disclosure.]

For the sake of comparability, the EU Commission recommends that companies use a common method for the valuation of shares or share options (and in all situations, i.e. whether the shares or share options have been granted, offered or have vested). Companies are advised to reflect in the report the market value of shares, or underlying shares in the case of share options, at the time they are granted, are offered, or vest, as applicable. Any changes made to the valuation methodology should be mentioned. Notwithstanding this recommendation, in our view issuers may use another method for valuation provided that they disclose in the report how the valuation has been made.]

¹⁸ Cf. Ch. 8, Sec 53 a, item 4 of the Companies Act: "The Report shall state /.../ the number of shares and share options that have been allotted or offered to each and every executive and the principal conditions for exercise of the options, including strike price and exercise date and any modifications of the conditions".

Table 2 – Remuneration of the CEO [and the deputy CEO] in share options¹⁹

Name of Director, position ²⁰	The main conditions of share option plans							Information regarding the reported financial year					
								Opening balance	During the year			Closing balance	
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period ²¹	6 Exercise period	7 Exercise price of the share and date ²²	8 Share options held at the beginning of the year ²³	9 Share options awarded ²⁴	10 Share options vested ²⁵	11 Share options subject to a performance condition ²⁶	12 Share options awarded and unvested ²⁷	13 Share options subject to a retention period ²⁸
[NAME], CEO	Plan 1												
	Plan 2												
	Plan 3												
								TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL

[NAME], deputy CEO	Plan 1												
	Plan 2												

¹⁹ Synthetic options should also be disclosed in Table 2.

²⁰ Information must also be provided on any remuneration awarded or due to former CEO/deputy CEO.

²¹ In many cases, vesting date and end of retention period will be the same date, *i.e.* there is no requirement under the program for retention after vesting.

²² In our view, information on exercise date is only relevant provided that the option was exercised during the relevant financial year.

²³ Number of share options held under deferral period and under retention period at the beginning of the reported financial year.

²⁴ Number of share options and value at the time of the award. Under the Commission’s Draft Guidelines the value disclosed should be the value of the underlying shares that have been granted or offered on the award date (as presented in column 3). In our view, it may be more appropriate to disclose the aggregate market value of underlying shares at the time of the award and the aggregate exercise price, please refer to the attached example.

²⁵ Number of share options and the value at vesting. Under the Commission’s Draft Guidelines the value disclosed should be the value of the underlying shares that vested on a particular vesting date (as presented in column 4). In our view, it may be more appropriate to calculate the value as the aggregate market value of underlying shares at vesting less the aggregate exercise price and report this value as Multi-year variable remuneration in column 2 of Table 1.

²⁶ Number of share options, the granting of which is still subject to a performance condition.

²⁷ Number of share options that have been granted or offered on a certain date (as presented in column 3) during the reported or previous financial years but for which the vesting date (as presented in column 4) is after the end of the reported financial year.

²⁸ Number of share options, for which the award and vesting dates (as presented in columns 3 and 4) are prior to the end of the reported financial year, but which are still subject to a retention period (the end of which is to be presented in column 5).

Table 3 – Remuneration of the CEO [and the deputy CEO] in shares²⁹

Name of Director, position ³⁰	The main conditions of share award plans					Information regarding the reported financial year						
						Opening balance	During the year		Closing balance			
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting Date	5 End of retention period	6 Shares held at the beginning of the year ³¹	7 Shares awarded ³²	8 Shares vested ³³	9 Shares subject to a performance condition ³⁴	10 Shares awarded and unvested at year end ³⁵	11 Shares subject to a retention period ³⁶	
[NAME], CEO	Plan 1											
	Plan 2											
	Plan 3											
							TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL

	Plan 1										
	Plan 2										

²⁹ Synthetic shares should also be disclosed in Table 3.

³⁰ Information must also be provided on any remuneration awarded or due to former CEO/deputy CEO.

³¹ Number of shares held under deferral period and under retention period at the beginning of the reported financial year.

³² Number and value of the shares that have been granted or offered on the award date (as presented in column 3).

³³ Number and value of the shares that vested on a particular vesting date (as presented in column 4).

³⁴ Number of shares, the granting of which is still subject to a performance condition

³⁵ Number of shares that have been granted or offered on a certain date (as presented in column 3) during the reported or previous financial years but for which the vesting date (as presented in column 4) is after the end of the reported financial year.

³⁶ Number of shares, for which the award and vesting dates (as presented in columns 3 and 4) are prior to the end of the reported financial year, but which are still subject to a retention period (the end of which is to be presented in column 5).

[NAME], deputy CEO											
	Plan 3										
						TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL

[Use of the right to reclaim]³⁷

[If variable remuneration has been reclaimed, the report should include the following information:

- (i) the name of the director subject to the reclaim;***
- (ii) the form of the reclaim (a possibility to reclaim variable remuneration could take the form, for instance, of 'malus' (i.e. an arrangement that permits the company to reduce the value of all or part of deferred variable remuneration based on 'ex post' risk adjustments before it has vested) or 'clawback' (i.e. an arrangement under which the director has to return ownership of an amount of variable remuneration paid in the past or which has already vested to the company under certain conditions);***
- (iii) the amount reclaimed; and***
- (iv) the relevant year (i.e. the financial year in which the variable remuneration was awarded or due).***

Additionally, companies could also explain the reasons for such a reclaim, if appropriate.]

Compliance with the remuneration guidelines and application of performance criteria

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. [COMPANY's] remuneration guidelines enable the company to offer [the executive management/the CEO [and the deputy CEO]] a competitive total remuneration. Total remuneration of the CEO [and the deputy CEO] during 2020 has complied with the company's remuneration guidelines. ***[Explain how the performance criteria and the application of the criteria contributes to the company's long-term sustainable value creation.³⁸***

[Where applicable, the report could also include information about share lock-ins (for example for 5-10 years) and requirements for long-term equity ownership for directors.]

Table 4 - Performance of the CEO [and the deputy CEO] in the reported financial year

[Provide a description of the criteria for awarding variable short- and long-term remuneration. Depending on the remuneration structure of the issuer, the relevant disclosure may not easily fit into the below table prepared by the EU Commission in its Draft Guidelines. The disclosure may be more easily understood if the issuer provides a narrative description, either to complement the information in table 4 or to replace the table. If the information requested in the Draft Guidelines can be provided in narrative form, this may well result in better disclosure.]

³⁷ Cf. Ch. 8, Sec 53 a, item 5 of the Companies Act: "The Report shall state /.../ whether a contractual possibility to reclaim variable remuneration has been used".

³⁸ Cf. Ch. 8, Sec 53 a, item 1 of the Companies Act: "The Report shall state /.../ how the total remuneration relates to the company's guidelines". Pursuant to the Government bill, this means that the report should explain how the remuneration contributes to the company's long-term performance (prop. 2018/19:56 p. 129).

Set out in Table 4 below is a description of how the criteria for payment of variable short- and long-term compensation have been applied during the financial year.³⁹

Name of Director, Position ⁴⁰	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 Optional information on Performance Targets ⁴¹		4 ⁴² a) Measured performance and b) actual award/remuneration outcome
			a) Minimum target/threshold performance and b) corresponding award/remuneration	a) Maximum/target performance and b) corresponding award/remuneration	
[NAME], CEO	Criterion A		a)	a)	a)
			b)	b)	b)
	Criterion B				
	Criterion C				

³⁹ Cf. Ch. 8, Sec 53 a, item 1 of the Companies Act: "The Report shall state /.../ how the criteria for payment of variable remuneration have been applied /.../". Pursuant to the Government bill, the report must provide information on the amount of variable remuneration and the criteria for the calculation of the variable remuneration (prop. 2018/19:56 p. 128 f.).

If the remuneration committee/board has exercised judgement and discretion in addition to scorecards or if specific performance targets are not disclosed, disclosure may be drafted along these lines: [The performance measures have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The non-financial short-term performance measures further contribute to alignment with sustainability as well as the company values.] **[If the remuneration committee/board] has exercised judgement and discretion in addition to scorecards:** [As to the short-term variable remuneration, the [remuneration committee/board] has made both quantitative and qualitative assessments. This has involved the application of judgement and discretion to ensure that the outcome will reflect broader considerations and remain appropriate and proportionate, in addition to the formulaic outcome on the basis of scorecards. The [committee/board] considers that the exercise of judgement and discretion is needed to achieve an appropriate execution of the remuneration policy.] **[If specific performance targets are not disclosed:]** [As to the quantitative assessment of performance, the [internal financial metrics (such as [revenue, EBITDA and earnings per share]) have been measured against the [company's budget]. Targets related to external measures (such as [relative total shareholder return]) were measured against [market standards/peer group]. [In arriving at its assessed degree of achievement, the [remuneration committee/board] has taken into account the following. **[Comment on the [company's] performance in relation to the relevant metrics.]**

⁴⁰ Information must also be provided on any remuneration awarded or due to former CEO/deputy CEO.

⁴¹ Pursuant to the Commission's Draft Guidelines, the information in this column is optional. However, for issuers disclosing information on performance thresholds and measured performance pursuant to AMN 2010:40, it would be appropriate to disclose such information in connection with other information requested in this table.

⁴² The upper row (a) should present the measured performance for the relevant financial year regarding the performance criterion and on the row below (b), the actual amount awarded. It is stated in the Government bill that information on the application of performance criteria may be deemed sensitive from a competitive point of view. If so, it should according to the Government be sufficient that the information is presented in summarised form. However, the report must provide information on the amount of the variable remuneration and the criteria which formed the basis for the calculation of the remuneration, in order for the shareholders to be able to determine whether the remuneration complies with the remuneration guidelines (prop. 2018/19:56 s. 128 f.). It should also be noted that the Swedish Securities Council has stated that good practice on the Swedish securities market requires that information on performance thresholds and measured performance be disclosed (AMN 2010:40). Where the performance period is still running, it should be mentioned. Where any (upward or downward) discretion has been exercised in respect of the award, a note could state that discretion was applied, and if the company considers it meaningful and in accordance with the principle of confidentiality it could also explain how the discretion was exercised, which factors were taken into account and how the resulting level of award or remuneration was determined. The information should be provided in a way that allows to distinguish between one-year and multi-year incentives.

[NAME], deputy CEO	Criterion A				
	Criterion B				
	Criterion C				

Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

[Provide information on any deviations from the procedure for the implementation of the remuneration guidelines and on any derogations from the remuneration guidelines themselves that have been applied.]

Information on deviation from the remuneration guidelines⁴³ should include:

- (i) an indication of the specific elements deviated or derogated from and a confirmation that the remuneration guidelines allow these elements to be deviated or derogated from;***
- (ii) an explanation of the nature of the exceptional circumstances including an explanation on why the deviation or derogation is necessary to serve the long-term interest and sustainability of the company as a whole or to assure its viability;***
- (iii) information on the procedure followed and a confirmation that this procedure complies with the procedural conditions that are specified in the guidelines for these exceptional circumstances; and***
- (iv) information on the remuneration awarded under such exceptional circumstances.***

In relation to a deviation from the procedure for the implementation of the remuneration guidelines⁴⁴, information should be provided on such deviation, that could include, for instance, an explanation for the reasons and the circumstances for this deviation, and the procedure followed instead of the prescribed one to achieve the targets included in the remuneration guidelines. Pursuant to the Government bill, the report must state how the board has deviated from the procedure and why such deviations was deemed necessary (prop. 2018/19:56 p. 81).]

⁴³ Cf. Ch. 8, Sec 53 a, item 7 of the Companies Act: "The Report shall state /.../ deviations from the guidelines made for special cause, with information regarding what the cause was and which parts of the guidelines have been deviated from".

⁴⁴ Cf. Ch. 8, Sec 53 a, item 6 of the Companies Act: "The Report shall state /.../ any deviations made from the decision-making process which, pursuant to the guidelines, is to be applied in order to set remuneration".

Comparative information on the change of remuneration and company performance⁴⁵*Table 5 – Change of remuneration and company performance over the last five reported financial years (RFY)*

Annual change ⁴⁶	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	(information regarding the RFY)
Directors remuneration ⁴⁷						
[NAME], CEO						
[NAME], deputy CEO						
Company's performance ⁴⁸						
Criterion/metric A						
Criterion/metric B						
Criterion/metric C						
Average remuneration on a full-time equivalent basis of employees						
Employees of the company ⁴⁹ (all or reference to the relevant comparison group)						

⁴⁵ Cf. Ch. 8, Sec 53 a, item 2 of the Companies Act: "The Report shall state /.../ the annual change in remuneration to each and every executive, the company's profit or loss, and the average remuneration measured on a full-time equivalent basis for the company's other employees for, at a minimum, the five most recent financial years".

Please refer to footnote 1 for a description of the Commission's view on transitional regime during the first reporting years.

⁴⁶ The columns RFY vs. RFY-1, RFY-1 vs. RFY-2 etc. represent the change in the director's remuneration between the preceding financial years over which the comparative information in the table should be provided. The annual change should be presented in a percentage showing this difference, and in absolute numbers reflecting the total amount of the remuneration of the director corresponding the two financial years which are compared as included in the Tables 1 of the respective Reports. The information regarding the total remuneration for the relevant financial year should be presented in the last column. Companies should provide the information for all individual directors in a consistent manner.

⁴⁷ The table should provide information about all persons who performed their mandate as CEO/deputy CEO under the reported financial year. In case a director started or ended mandate or changed directing position during the reported financial year, a note should be added specifying and explaining these circumstances. [If the company finds it meaningful for the reader, it may also present in this section of the table the annual changes of the fixed and variable components of each individual director's remuneration and/or the average remuneration of all directors by adding respective rows.]

If the company has changed CEO's/deputy CEO's during the five-years period, it would in our view be advisable to compare the remuneration for the current CEO/deputy CEO with historical numbers for the previous CEO(deputy CEO) and to explain in a note to the table that the historical information for certain years refers to previous directors.

⁴⁸ Pursuant to the Commission's Draft Guidelines, information should be provided on the annual change of the company's performance during the five most recent financial years. As the SRD II requires the remuneration policy to contribute to the company's business strategy, long-term interests and sustainability, companies should include data that allows the reader to judge whether the actual remuneration fosters long-term and sustainable performance. Companies are encouraged by the Commission to disclose, in this regard, the net profit or loss for the financial year and to add non-financial performance criteria or other indicators demonstrating the companies' performance under its longer-term strategy. Companies should provide information on the annual change of performance including the companies belonging to the same group as such information, according to the Commission, is more useful for the readers when the company prepares financial accounts for the entire group. If the company revises its performance criteria or measurement, a note should be included to explain the change of criteria and methodology and the reasons of the change. It should be noted that the Swedish implementing legislation refers to profit and not net profit. We believe that it may in certain cases be more appropriate to use for instance operating profit rather than net profit.

⁴⁹ The comparison shall be made with the company's employees (other than directors); not with all employees within the group (although the Commission's Draft Guidelines encourages companies to also provide a comparison with employees of the entire group and on the average pay of relevant groups of employees according to geographical, regional, sectorial or other criteria). Pursuant to the Commission's Draft Guidelines, a note should be included to explain the methodology of calculating the average remuneration of employees.

Information on shareholder vote⁵⁰

[Unless information as to how the vote or the views of the shareholders on the remuneration report were taken into account has already been provided in the “Introduction” this information should be provided under a separate heading. According to the Government bill, a company should be able to refrain from disclosing entirely marginal views from single shareholders with minor holdings (prop. 2018/19:56 p. 126).]

⁵⁰ Cf. Ch. 8, Sec 53 a, item 8 of the Companies Act: “The Report shall state /.../ how opinions expressed when the general meeting addressed an earlier report regarding remuneration have been taken into consideration”.

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Company AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 11 (Employees and personnel costs) on pages 100-110 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 50-60 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 11 on page 105 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on page 10 in the annual report 2020.

The company's remuneration guidelines: scope, purpose and deviations

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 can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 105-107 in the annual report 2020. The remuneration guidelines, adopted unanimously by the annual general meeting 2020, have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.company.se/corporategovernance. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 – Total CEO remuneration in 2020 (kSEK)*

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary**	Other benefits***	One-year variable	Multi-year variable****	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration*****
Name Nameson (CEO)	9,000	200	2,500	1,000	0	3,000	15,700	78/22

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2020. Multi-year variable remuneration is reported if vested in 2020, as set out in column 10 of Table 2 and column 8 of Table 3 below (as applicable). Disbursement of any payments may or may not have been made the same year

** Including holiday pay of kSEK 500

*** Residence and housing benefit

**** Vested share awards as set out in column 8 of Table 3 below

***** Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

Outstanding share-related and share price-related incentive plans

The company has implemented two share option plans (2019/2024 and 2020/ 2025) for the executive management. Options have been granted free of charge, are subject to three-year vesting periods and are exercisable during the fifth year after the grant. Vesting of options is subject to the satisfaction of performance conditions – total shareholder return (relative weighting 50%) and CO2 reduction (relative weighting 50%) during the three-year performance period – and continued employment. The CEO has been granted 3,000 options. In total, 6,000 options have been granted, which corresponds to 2% of the shares in the company on a diluted basis.

The company has further implemented three share award plans (2017/2020, 2019/2022 and 2020/2023) for all employees. Subject to the employee having made an own investment in shares in the company (savings shares), the employee has been awarded the corresponding number of matching shares and performances shares. In each plan, the CEO has invested in 1,000 savings shares and thus been awarded 1,000 matching shares and 1,000 performance shares. Matching shares and performance shares have been awarded free of charge and are subject to three-year vesting periods and continued employment. Vesting of performance shares is also subject to the satisfaction of performance conditions – Group operating income during the first year of the performance period (relative weighting 30%), total shareholder return (relative weighting 40%) and CO2 reduction (relative weighting 30%) during the three-year performance period. In total, 12,000 matching shares and performance shares have been awarded, which corresponds to 4% of the shares in the company on a diluted basis.

Table 2 – Share option plans (CEO)

Name of director (position)	The main conditions of share option plans							Information regarding the reported financial year*					
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Opening balance Share options held at beginning of year	9 During the year		10 Closing balance		
									9 Share options awarded	10 Share options vested	11 Share options subject to performance condition	12 Share options awarded and unvested	13 Share options subject to retention period
Name Nameson (CEO)	2019/2024	2019-2021	2019-06-01	2022-06-01	2022-06-01	2023-06-01 2024-06-01	450	1,000	0	0	1,000	0	0
	2020/2025	2020-2022	2020-06-01	2023-06-01	2023-06-01	2024-06-01 2025-06-01	550	0	2,000**	0	2,000	0	0
Total								1,000	2,000	0	3,000	0	0

* In 2020, no changes occurred regarding Share Option Plan 2019/2024, where the CEO holds 1,000 options. In Share Option Plan 2020/2025, the CEO was awarded 2,000 options in 2020

** The aggregate market value of the underlying shares at the time of the award is kSEK 1,000. The aggregate exercise price is kSEK 1,100

Table 3 – Share award plans (CEO)

Name of director (position)	The main conditions of share award plans					Information regarding the reported financial year*					
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Opening balance Share awards held at beginning of year	During the year		Closing balance		
							7 Awarded	8 Vested	9 Subject to performance condition	10 Awarded and unvested at year end	11 Shares subject to retention period
	2017/2020	2017-2019	2017-06-01	2020-06-01	2020-06-01	2,000	0	2,000**	0	0	0
Name Nameson (CEO)	2019/2022	2019-2021	2019-06-01	2022-06-01	2022-06-01	2,000	0	0	700	1,300	0
	2020/2023	2020-2022	2020-06-01	2023-06-01	2023-06-01	0	2,000***	0	700	1,300	0
Total						4,000	2,000	2,000	1,400	2,600	0

* In 2020, Share Award Plan 2017/2020 vested, whereupon matching shares (1,000) and performance shares (1,000) were transferred to the CEO. No changes occurred regarding Share Award Plan 2019/2022, where the CEO holds 2,000 shares (1,000 matching shares and 1,000 performance shares). In Share Award Plan 2020/2023, the CEO was awarded 2,000 shares (1,000 matching shares and 1,000 performance shares) in 2020. Savings shares, in which the CEO has invested to become eligible to participate in the plans, are not included in the table

** Value: kSEK 1,000, calculated as the market price per share at vesting (SEK 500) multiplied by the number of awards (2,000)

*** Value: kSEK 1,000, calculated as the market price per share at the time of award (SEK 500) multiplied by the number of awards (2,000)

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Table 4(a) - Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award/ remuneration outcome
	Operating income 2020	40%	a) MSEK X b) kSEK 1,000
Name Nameson (CEO)	TSR 2020	30%	a) Y% b) kSEK 750
	CO2 reduction 2020	30%	a) -2% b) kSEK 750

Table 4(b) - Performance of the CEO in the reported financial year: share-based incentives

Name of director (position)	Name of plan	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award/ remuneration outcome
	Share award plan 2020/2023	Group operating income 2020	30%	a) MSEK X b) kSEK 147*
Name Nameson (CEO)		TSR 2020-2022	40%	N/A**
		CO2 reduction 2020-2022	30%	N/A**

* Based on market price per share at balance date (SEK 490) multiplied by the number of awards (300). Vesting period still running

** Performance period still running

Comparative information on the change of remuneration and company performance

Table 5 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	RFY 2020
CEO remuneration	+1,000 (+9.1%)	+1,000 (+8.3%)	+1,000 (+7.7%)	+1,000 (+7.1%)	+700 (+4.7%)	15,700
Group operating profit	+200,000 (+5.4%)	+175,000 (+4.5%)	+150,000 (+3.7%)	+150,000 (+3.5%)	+100,000 (+2.3%)	4,500,000
Average remuneration on a full time equivalent basis of employees* of the parent company	+12 (+2.8%)	+12 (+2.8%)	+12 (+2.7%)	+12 (+2.6%)	+10 (+2.1%)	480

* Excluding members of the group executive management