

## **Remuneration report 2020**

### **Introduction**

This report describes how the guidelines for executive remuneration of NCAB Group, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO. 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 9 (Employees and personal costs) on page 66 in the annual report of 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 46 – 48 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annual by the general meeting and disclosed in not 9 on page 66 in the annual report 2020.

### **Key developments 2020**

The CEO summarizes the company's overall performance in his statement on pages 6 – 8 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, but not necessary market-leading. The remuneration shall reflect the individuals performance and responsibility 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 50 – 52 in the annual report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting, with following derogation: For three members in the management team, the ceiling for potential variable cash remuneration has been raised for 2020 to up to 120% of base salary. The derogation was prepared by the remuneration committee and adopted by the Board of Directors in accordance with the remuneration guidelines. Apart from that no other derogation was made from the decision making process. The auditor's report regarding the company's compliance with

the guidelines is available on <https://corporate.ncabgroup.com/en/corporate-governance-reports>  
No remuneration has been reclaimed.

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

Name of Director (position, period)	Fixed remuneration		Variable remuneration****			Pension expense	Total remuneration	Proportion of fixed and variable remuneration*****
	Base salary**	Other benefits***	One-year variable	Extraordinary items				
Hans Ståhl (CEO Jan - Sept)	1 699	78	1 240	0		333	3 350	63/37
Peter Kruk (CEO Oct - Dec)	858	24	617	0		225	1 724	64/36
<b>Total 2020</b>	<b>2 557</b>	<b>102</b>	<b>1 857</b>	<b>0</b>		<b>558</b>	<b>5 074</b>	<b>63/37</b>

\* Remuneration based on year 2020 only

\*\* Inclusive holiday pay of kSEK 274

\*\*\* Car benefit

\*\*\*\*No remuneration extends over several years, 2020 only

\*\*\*\*\* Pensions expense (column 4), which in it's entirety relates to base salary and is premium defined, has been counted entirely as fixed remuneration

## 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.

*Table 2 – Performance of the CEO in the reported financial year: variable cash remuneration*

Name of Director (position, period)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Performance to get maximum bonus award
			b) Measured performance and c) Actual remuneration outcome
Hans Ståhl (CEO Jan - Sept)	Net Sales 2020	40%	a) 2 200 MSEK b) 2 115 MSEK c) 475 kSEK
	EBITDA reduced with 20% internal interest on operative capital	60%	a) 185 MSEK b) 175 MSEK c) 765 kSEK
	Gross margin	20%	a) 35,0% b) 29,9% c) 0 kSEK
Peter Kruk (CEO Oct - Dec)	Net Sales 2020	40%	a) 2 200 MSEK b) 2 115 MSEK c) 236 kSEK
	EBITDA reduced with 20% internal interest on operative capital	60%	a) 185 MSEK b) 175 MSEK c) 381 kSEK
	Gross margin	20%	a) 35,0% b) 29,9% c) 0 kSEK

## Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	RFY 2020
CEO remuneration (kSEK)	-884 (-23,8%)	+699 (+23,8%)	-157 (-4,3%)	+801 (+23,0%)	+553 (+12,9%)	5 074
Group operating profit (Mkr)	+23,8 (+33,1%)	-30,0 (-31,3)	+61,8 (93,9%)	+34,1 (+26,7)	+20,6 (+12,7%)	182,3
Average remuneration on a full time equivalent basis of employees* of the parent company (kSEK)	+153 (+37,1%)	+88 (+15,5%)	+52 (+8,0%)	+21 (+3,0%)	+45 (+6,2%)	769

\*Exclusive members of the group executive management