

Remuneration report 2020

This report describes how the guidelines for executive remuneration of Elanders AB, 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 5 (Personnel) on pages 72-74 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 page 46 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 5 on pages 72-73 and in the Corporate Governance Report on page 46 in the annual report 2020.

Key developments in 2020

The CEO summarizes the company's overall performance in his statement on page 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. 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.

During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

The auditor's report regarding the company's compliance with the guidelines 2020 is available on www.elanders.com/about-elanders/corporate-governance/annual-general-meeting/annual-general-meeting-2021/.

Table 1 – Total remuneration to the CEO, Magnus Nilsson, in 2020 (kSEK)*

Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration*****
Base salary**	Other benefits***	One-year variable	Multi-year variable****				
9,446	121	5,557	N/A	0	3,294	18,417	70 / 30

* The table reports remuneration earned in 2020. Disbursement of any payments may or may not have been made the same year

** Including holiday pay of kSEK 185

*** Car benefit etc

**** The company does not have any outstanding share-related or share price-related incentive plans

***** Pension expense (column 4), which in its 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. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

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

Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Maximum compensation, if a result before tax of MSEK 430 (excl. IFRS 16 effects) is reached	100%	a) MSEK 432 b) kSEK 5,557 / 100%

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)

	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 (kSEK)	+2,306 (+21.8%)	-1,814 (-14.1%)	+4,052 (+36.5%)	-1,439 (-9.5%)	+4,715 (+34.4%)	18,417
Group operating profit (MSEK)	+52 (+17.8%)	-36 (-10.4%)	+151 (+48.9%)	-100 (-21.8%)	+187 (+52.2%)	546
Average remuneration on a full-time equivalent basis of employees* of the parent company (kSEK)	+202 (+20.4%)	-123 (-10.3%)	+17 (+1.6%)	11 (+1.0%)	+87 (+8.0%)	1,183

* Excluding members of the group management