

Remuneration report 2020

INTRODUCTION

This report describes how the guidelines for executive remuneration of Nederman Group, adopted by the 2020 Annual General Meeting, were implemented in 2020. No material changes occurred during the year that require an update of the guidelines adopted by the Annual General Meeting.

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 for senior executives issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 8 (Employees) on pages 88-90 in the 2020 Annual Report. Information on the work of the Remuneration Committee in 2020 is available in the Corporate Governance Report on pages 70 - 71 in the 2020 Annual Report.

The guidelines for remuneration do not include remuneration of the Board of Directors according to Section 8:23a of the Swedish Companies Act or issues or transfers resolved in accordance with Chapter 16 of the Swedish Companies Act (the so-called Lex LEO). Remuneration of the Board of Directors is adopted annually by the Annual General Meeting and presented in Note 8 on page 90 of the 2020 Annual Report.

DEVELOPMENTS IN 2020

The CEO summarises the Nederman Group's overall performance in his statement on pages 4-17 in the 2020 Annual Report.

NEDERMAN'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 inter-

ests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of Nederman's guidelines for executive remuneration is therefore to offer competitive remuneration on market terms, so that competent and skillful personnel can be attracted, motivated and retained. These guidelines enable the company to offer the executive management competitive total remuneration. The remuneration shall be on market terms and may consist of the following components:

- a) Base salary (fixed salary)
- a) Short-term variable remuneration
- b) Long-term variable remuneration (Share-based incentive programme)
- b) Pensions and other benefits

Short-term variable remuneration shall be linked to predetermined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding short-term variable remuneration shall be measured over a period of one year. The criteria for variable remuneration are based on Nederman Group's earnings per share. In addition, variable remuneration may be connected with individual criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability.

The guidelines are presented on pages 72-73 in the 2020 Annual Report. In 2020, the company followed the applicable remuneration guidelines as adopted by the Annual General Meeting. There was no derogation from the guidelines and no deviations were made from the decision-making process that is applied to establish the remuneration in accordance with the guidelines. No claw-back of remuneration was made. The auditor's opinion on the company's compliance with the guidelines is available at www.nedermangroup.com/en/investors/corporate-governance.

Total remuneration for the CEO in 2020 KSEK								
Remuneration pertains to remuneration expensed during the year								
Executive's name, position	Fixed remuneration		Variable remuneration		Pension expenses	Total remuneration	Share of fixed and variable remuneration, respectively	
	Base salary*	Other benefits	Short-term	Long-term**			Fixed remuneration	Variable remuneration
Sven Kristensson, President and CEO	4,632	165	-	-	1,762	6,559	100%	0%

*Including vacation pay of KSEK 72.

**Associated with conditions for acquisition of shares and/or options in Nederman

SHARE-BASED INCENTIVE PROGRAMME

A long-term share-based incentive programme has been implemented in Nederman. The programme has been proposed to and resolved by the general meeting every other year, and was last resolved by the 2019 Annual General Meeting and is therefore excluded from these guidelines, but should nonetheless be regarded as part of them in essence. For further information, refer to Note 8 on page 88 in the 2020 Annual Report.

APPLICATION OF PERFORMANCE CRITERIA

The performance criteria for the CEO's variable remuneration have been designed to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company, including its sustainability, and since Nederman's business strategy is to be "the Clean Air Company" by protecting people, the planet and production from the harmful effects of industrial processes, the criteria for variable remuneration, which are connected to the sale of the company's solutions and services within industrial air filtration, will inevitably contribute to the company's long-term interests and sustainability. The performance criteria for 2020 are based on Nederman Group's earnings per share. The performance criteria also contribute to the transition to sustain-

ability and the company's values, although they are expressed in financial terms. The CEO's performance during the financial year being reported was deemed to have met requirements well. Due to the prevailing market situation and lockdowns due to COVID-19, Nederman Group's financial performance was far below the initial expectations and, accordingly, no variable remuneration was paid for 2020.

COMPARATIVE INFORMATION ON CHANGES IN REMUNERATION AND THE COMPANY'S EARNINGS

Changes in remuneration and the company's earnings 2020 financial year*	
KSEK	2020
Remuneration for the CEO	6,559
Sales Nederman Group	3,675,000
Operating profit Nederman Group	219,000
Average remuneration based on average number of employees	558
Average number of employees	2,097

*Not reported for previous periods, and the table therefore only includes 2020 when the rules were applied for the first time.