

## **Guidelines for executive remuneration**

Nederman's group management fall within the provisions of these guidelines. The guidelines are forward-looking and as such are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020.

### **The guidelines' promotion of Nederman's business strategy, long-term interests and sustainability**

In short, the company's business strategy is to be "the Clean Air Company", and to use Nederman's industrial air filtration expertise and solutions and services to protect people, planet and production from the harmful effects of industrial processes. In this way, Nederman helps to create safer workplaces, efficient production and provide significant environmental benefits. 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. 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. For more information regarding the company's business strategy, please see [www.nedermangroup.com](http://www.nedermangroup.com).

A long-term share-related incentive plan has been implemented in the company. The plan has been proposed to and resolved by the general meeting every other year, and was last resolved by the 2019 general meeting and is therefore excluded from these guidelines. The plan incorporates group management members. The performance criteria used to assess the outcome of the plan is total earnings per share and is thereby distinctly linked to the business strategy and the company's long-term value creation, including its sustainability. The plan is further conditional upon a holding period of at least three years.

### **Types of remuneration, etc.**

The remuneration shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The remuneration committee shall monitor and evaluate remuneration for the executive management however all remuneration for the CEO is approved by the Board of Directors.

#### *Fixed salary*

Fixed salary is paid for satisfactory work.

#### *Variable remuneration*

The variable remuneration shall be linked to predetermined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one year. The variable remuneration may amount to not more than 50 per cent of the total fixed salary under the measurement period for the CEO and not more than 30 per cent of the total fixed salary under the measurement period for other senior executives. The criteria for variable remuneration shall mainly relate to the group's profitability and working capital development. In addition, individual criteria may be established. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability and since Nederman's business strategy is to be "the Clean Air Company" by protecting people, 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 interest and sustainability.

### *Other variable remuneration*

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 per cent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the board of directors based on a proposal from the remuneration committee.

### *Pension benefits*

For the CEO, pension benefits shall be premium defined. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium defined, unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits. Pension premiums that follow from the contractual ITP plan or are premium defined, shall amount to not more than 35 per cent of the pension based salary, unless other premium levels apply according to applicable ITP plan.

For employment governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### *Other benefits*

Other benefits may include, for example, life insurance, health and medical insurance and company cars. Such benefits may amount to not more than 20 per cent of the fixed annual salary.

### **Criteria for awarding variable remuneration, etc.**

The remuneration committee shall monitor and evaluate programs for variable remuneration for the executive management. To which extent the criteria for awarding variable remuneration has been satisfied shall be evaluated when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable remuneration to other executives, the CEO is responsible for the evaluation. For financial criteria, the evaluation shall be based on the latest financial information made public by the company. Variable cash remuneration can be paid after the completion of a measurement period or be subject to deferred payment. The board of directors shall have the possibility, under applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

### **Termination of employment**

The notice period may not exceed twenty four months if notice of termination of employment is made by the company for the CEO and twelve months for other executives. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed salary for two years, and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

## **Salary and employment conditions for employees**

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

## **The decision-making process to determine, review and implement the guidelines**

The board of directors has previously established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

## **Derogation from the guidelines**

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

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Adopted by the Annual General Meeting on 27 April 2020