

# Scandi Standard's remuneration report for 2021

## Introduction

This remuneration report contains information on how Scandi Standard AB's (publ) guidelines for remuneration to the senior management (the "**remuneration guidelines**"), adopted by the annual general meeting 2020, have been applied during the financial year 2021. The report also provides details on the remuneration of the group's CEO (the "**CEO**")<sup>1</sup>.

In addition, the report contains a summary of the company's outstanding long-term share-related incentive programs. The report has been prepared in compliance with Chapter 8, sections 53 a and 53 b of the Swedish Companies Act as well as the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes dated 1 January 2021.

The remuneration guidelines, adopted by the annual general meeting 2020, are included on pages 55–56 of the company's annual report for 2021. Information on the general performance of the company during 2021 is available in the CEO statement on pages 6–7 of the annual report for 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report, which is available on pages 117–124 of the annual report for 2021. Information required pursuant to Chapter 5, sections 40–44 of the Swedish Annual Accounts Act is available in note 5 on pages 78–80 of the annual report for 2021.

Remuneration of the members 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 78–80 in the annual report for 2021.

## Overview of compliance with the remuneration guidelines

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 senior managers a competitive total remuneration. Under the remuneration guidelines, remuneration to the senior management may consist of fixed salary, variable salary, pension and other benefits. The remuneration shall be based on principles of performance, competitiveness and fairness.

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<sup>1</sup> For the period 1 January–3 June 2021, Leif Bergvall Hansen was the managing director and CEO of Scandi Standard. Otto Drakenberg was appointed interim managing director and CEO on 3 June 2021. On 22 October 2021, Scandi Standard announced that Jonas Tunestål has been appointed as new managing director and CEO. Jonas Tunestål will assume the position on 1 May 2022, at the latest, and did not receive or was not granted any remuneration from Scandi Standard for the financial year 2021.

Pursuant to the remuneration guidelines, fixed salary shall be in line with market conditions and based on the senior manager's responsibility, expertise and performance. Variable salary shall be based on a set of financial and personal objectives determined in advance. Such objectives 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 senior manager's long-term development.

The remuneration guidelines adopted at the annual general meeting 2020 have been fully implemented and complied with. In 2021, the board has exercised its right to deviate from the guidelines in individual cases and for special reasons regarding the CEO's maximum short-term variable remuneration, which in 2022 may deviate from the applicable guidelines on predetermined performance targets. In the individual case, the board's reason for deviating from the guidelines has been to enable the recruitment of the person whom the board deemed most suitable for the relevant position. The auditor's report regarding the company's compliance with the guidelines is available on [www.scandistandard.com](http://www.scandistandard.com).

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 programs, which are described in the section "*Long-term share-related incentive programs*" in this report.

## Remuneration of the CEO

### *Remuneration of the CEO during 2021*

During the financial year 2021, the CEO received fixed salary, variable salary, pension and other benefits covered by the remuneration guidelines as presented in the table below.

Name	Fixed remuneration		Variable remuneration		Extraordinary items <sup>4)</sup>	Pension expenses <sup>5)</sup>	Total remuneration	Proportion of fixed and variable remuneration
	Base salary <sup>1)</sup>	Other benefits <sup>2)</sup>	One-year variable	Multi-year variable <sup>3)</sup>				
Managing Director and CEO (until 3 June 2021) Leif Bergvall Hansen	6,917,258	121,649	-	4,935,732	5,280,734	864,711	18,120,084	Variable: 27% Fixed: 73%
Interim Managing Director (from 3 June 2021) Otto Drakenberg	2,768,219	-	-	-	-	420,000 <sup>3)</sup>	3,188,219	Variable: 0% Fixed: 100%

1) Base salary relates to fixed salary including termination pay and holiday pay in accordance with applicable agreements.  
2) Company car.  
3) Consisting of 76,761 shares allotted under LTIP 2018 (valued at SEK 64.30 per share, which was the market price at the time of the allotment).  
4) Relates to severance pay in accordance with applicable agreements.  
5) Defined contribution.

In addition to the above remuneration, the CEO has during 2021 participated in the company's currently outstanding long-term share-related incentive programs, see the section "*Long-term share-related incentive programs*" below.

The remuneration of the CEO was paid by the parent company of the group, Scandi Standard AB (publ). No other group company paid any remuneration to the CEO during 2021.

No variable remuneration of the CEO was reclaimed during 2021.

#### ***Application of performance criteria for the variable cash remuneration***

Pursuant to the remuneration guidelines, the variable salary shall be based on a set of financial and personal objectives determined in advance. The variable salary may not amount to more than 75 per cent of the fixed salary. To which extent the objectives for awarding variable salary has been satisfied shall be determined when the relevant measurement period of the performance criteria has ended. The remuneration committee of the board of directors is responsible for the evaluation of the variable salary to the CEO.

In connection with Leif Bergvall Hansen's resignation as managing director and CEO of the company, no variable cash remuneration is to be paid to Leif Bergvall Hansen for the financial year 2021. The interim managing director and CEO, Otto Drakenberg was not entitled to any variable cash remuneration for the financial year 2021.

#### **Long-term share-related incentive programs**

##### ***Outstanding share-related incentive programs***

Remuneration resolved upon by the general meeting is not covered by the remuneration guidelines. The annual general meeting 2019 adopted a long-term share-related incentive plan for 29 senior executives and key employees, the annual general meeting 2020 adopted a long-term share-related incentive plan for 33 senior executives and key employees and the annual general meeting 2021 adopted a long-term share-related incentive program for 33 senior executives and key employees (“**LTIP 2019**”, “**LTIP 2020**” and “**LTIP 2021**”). These incentive programs are designed to promote the long-term value growth and sustainability of the company and to increase alignment between the interests of the participating employees and the company's shareholders. Under the incentive programs, the participating employees may be allotted shares in the company free of charge, subject to a three-year vesting period and provided that certain performance criteria (including the compound annual growth rate of earnings per share, “**EPS CAGR**”) are fulfilled. A maximum of 334,596 shares may be awarded under LTIP 2019, a maximum of 460,361 shares may be awarded under LTIP 2020 and a maximum of 432,648 shares may be awarded under LTIP 2021. In order to further increase alignment between the long-term interests of the participants and the company's shareholders, a requirement for participation is that the participant undertakes to retain all allotted shares (except for such shares that are sold to cover for tax due to the allotment of shares) for a period of two years from the date of the allotment of the shares. More information on the company's share-related long-term incentive

programs, including the performance criteria which the outcome depends on, is available on company's website, [www.scandistandard.com](http://www.scandistandard.com).

### ***Long-term share-related incentive programs that vested during 2021***

In May 2021, the company allotted and delivered a total of 245,227 existing shares in the company free of charge to participants in the long-term share-related incentive program that was adopted by the annual general meeting 2018 (LTIP 2018). LTIP 2018 had essentially the same design as LTIP 2019, LTIP 2020 and LTIP 2021. The EPS CAGR during the performance period (2017–2020) was 18.2 per cent, meaning the participants were allotted shares for all of their performance share rights. Participants holding a total of 63,780 performance share rights did not meet all vesting requirements under LTIP 2018 and were not allotted any shares in the company.

### ***Remuneration of the CEO under share related incentive programs***

Name	Main conditions				Financial year 2021			
					Opening balance	During the year		Closing balance
	LTIP	Performance period	Award date	Vesting date	Share rights held at beginning of year	Awarded	Vested (i.e. shares received)	Subject to performance requirement
Leif Bergvall Hansen (CEO) <sup>1)</sup>	2018 <sup>2)</sup>	2018–2021	May 2018	May 2021	76,761	0	76,761	0
	2019 <sup>3)</sup>	2019–2022	May 2019	May 2022	75,466	0	0	0

1) Due to his resignation during 2021, Leif Bergvall Hansen will not, in accordance with applicable terms and conditions, be allotted any shares under LTIP 2020 or LTIP 2021.

2) Value at award: SEK 4.6 million, calculated as the market price per share at award (SEK 59.99) multiplied by the number of share rights awarded. Value at vesting: SEK 4.9 million, calculated as the market price per share at vesting (SEK 64.30) multiplied by the number of shares allotted (76,761).

3) Value at award: SEK 4.6 million, calculated as the market price per share at award (SEK 61.00) multiplied by the number of share rights awarded. In accordance with the terms and conditions of LTIP 2019 should one-third (1/3) of the awarded shares be vested during 2021. The EPS CAGR during the performance period (2018–2021) was negative, meaning no participants will be allotted shares for their performance share rights.

## Change of the remuneration of the CEO compared to the company's performance and remuneration of other employees of the group

In order to put the remuneration of the CEO into further context, the following table presents the annual change in remuneration of the CEO, for the company's results and for the average remuneration within the Scandi Standard group for other full-time equivalent employees during the two previous financial years.

	2021	2020
CEO remuneration <sup>1)</sup>	0%	+16%
Other full-time equivalent employees of the group (excl. the CEO)	+1%	+6%
Operating income	-37%	-17%
Adjusted operating income	-48%	+10%

1) Leif Bergvall Hansen during 1 January–3 June 2021 and Otto Drakenberg during 3 June–31 December 2021.

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Stockholm in March 2022  
 Scandi Standard AB (publ)  
*The board of directors*