

Scandi Standard's remuneration report for 2022

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 2022, have been applied during the financial year 2022. The report also provides details on the remuneration of the group's CEO (the "**CEO**")¹.

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 2022, are included on pages 81–82 of the company's annual report for 2022. Information on the general performance of the company during 2022 is available in the CEO statement on pages 6–9 of the annual report for 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report, which is available on pages 135–143 of the annual report for 2022. Information required pursuant to Chapter 5, sections 40–44 of the Swedish Annual Accounts Act is available in note 5 on pages 104–106 of the annual report for 2022.

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 104–106 in the annual report for 2022.

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.

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

¹ Otto Drakenberg was interim managing director and CEO until 31 March 2022. Jonas Tunestål started as new managing director and CEO on 1 April 2022.

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 2022 have been fully implemented and complied with. In 2021, the board exercised its right to deviate from the guidelines in one individual case and for special reasons from the guidelines regarding the CEO's maximum short-term variable remuneration, which in 2022 deviated from the applicable guidelines on predetermined performance targets. In the individual case, the board's reason for deviating from the guidelines has been to be able to recruit the person whom the board has deemed most suitable for the position. The auditor's report regarding the company's compliance with the guidelines is available on 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 2022

During the financial year 2022, 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	Pension expenses ³⁾	Total remuneration	Proportion of fixed and variable remuneration
	Base salary ¹⁾	Other benefits ²⁾	One-year variable	Multi-year variable				
Interim Managing Director (until 31 March 2022) Otto Drakenberg	1,985,147	-	-	-	-	240,000	2,225,147	Variable: 0% Fixed: 100%
Managing Director (from 1 April 2022) Jonas Tunestål	4,161,600	163,029	3,600,000 ⁴⁾	-	-	1,095,468	9,020,096	Variable: 40% Fixed: 60%

1) Base salary relates to fixed salary and holiday pay according to applicable agreement.
2) Other benefits relate to company car and housing.
3) Defined contribution.
4) The variable remuneration is based on the group's financial results and financial targets. For 2022, the agreed one-time compensation is included according to the employment contract for the managing director.

In addition to the above remuneration, the CEO has during 2022 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 Scandinavian Standard Nordic AB. No other group company paid any remuneration to the CEO during 2022.

No variable remuneration of the CEO was reclaimed during 2022.

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.

The interim managing director and CEO, Otto Drakenberg was not entitled to any variable cash remuneration for the financial year 2022.

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 2020 adopted a long-term share-related incentive plan for 33 senior executives and key employees, the annual general meeting 2021 adopted a long-term share-related incentive program for 33 senior executives and key employees and the annual general meeting 2022 adopted a long-term share-related incentive program for 28 senior executives and key employees (“**LTIP 2020**”, “**LTIP 2021**” and “**LTIP 2022**”). 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. No ordinary shares may be awarded under LTIP 2020, a maximum of 179,423 ordinary shares may be awarded under LTIP 2021 and a maximum of 286,401 ordinary shares may be awarded under LTIP 2022. 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.

Long-term share-related incentive programs that vested during 2022

The EPS CAGR during the performance period (2018–2021) was -4.3 per cent. Therefore, in accordance with the terms for LTIP 2019, no allotment of shares under this program took place during 2022 to the participants.

Remuneration of the CEO under share related incentive programs

Name	Main conditions				Financial year 2022			
					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
Managing Director (from 1 April 2022) Jonas Tunestål	2022 ¹⁾	2022–2025	May 2022	May 2025	0	100,337	0	66,891

1) Value at award: SEK 3.6 million, calculated as the market price per share at award of performance share rights and matching share rights (SEK 35.88) multiplied by the number of performance share rights awarded and matching 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 three previous financial years.

	2022	2021	2020
CEO remuneration ¹⁾	-23 %	0 %	+16 %
Other full-time equivalent employees of the group (excl. the CEO)	0 %	+1 %	+6 %
Operating income	+31 %	-37 %	-17 %
Adjusted operating income	+36 %	-48 %	+10 %

1) Otto Drakenberg during 1 January 2022–31 March 2022 and Jonas Tunestål during 1 April 2022–31 December 2022.

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Stockholm in March 2023
Scandi Standard AB (publ)
The board of directors