

[n.b. This document is a courtesy translation into English of the Swedish original document. In the event of any discrepancies, the Swedish version shall govern.]

AB FAGERHULT (PUBL) REMUNERATION REPORT 2020

Introduction

This report describes how the guidelines for executive remuneration of AB Fagerhult (publ) (hereinafter "Fagerhult" or the "Company"), adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a reference to the Company's outstanding share-related incentive plans.

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 2 (Employees and personnel costs) on pages 69-70 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 42 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 2 on page 69 in the annual report 2020.

Key developments 2020

The CEO summarizes the Company's overall performance in her statement on pages 6-7 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. The guidelines are found on pages 43-44 in the annual report 2020.

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. The auditor's report regarding the Company's compliance with the guidelines is available on www.fagerhultgroup.com. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the Company have for earlier years resolved to implement long-term share-related incentive plans.

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Table 1 – Total CEO remuneration in 2020

All amounts in kSEK

Name and position	Fixed remuneration		Variable remuneration		Extraordinary costs	Pension	Total remuneration 2020	Proportion fixed vs. variable remuneration
	Base salary	Other benefits	Variable remuneration within 12 months	Variable remuneration beyond 12 months				
Bodil Sonesson, CEO	4 907	N/A	0 ¹⁾	N/A	N/A	1 602	6 509	100/0%

1) In addition to the above remunerations for 2020, the CEO has also received 537 related to variable remuneration for 2019 of which amount 370 has been cost allocated to 2020.

Share-based remuneration

The Company has since 2012 but not for 2020 instituted yearly long term share related incentive programs in the format of share-savings programs. The programs have been resolved upon by the shareholders general meeting and are therefore not subject to the principles for remuneration to senior management resolved upon by the shareholders general meeting, but shall be deemed as part of the essence thereof. At the date of this report, the assessment is that the programs currently in force will not result in any remuneration payable to the CEO. For more information regarding the abovementioned programs, please see the notices to the respective annual general meeting and note 2 on pages 69-70 in the annual report 2020.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to deliver the Company's strategy and to encourage actions that are in the Company's long-term sustainable interest. When selecting performance criteria, the strategic goals as well as short- and long-term business priorities for the year 2020 have been taken into account. The selected performance criteria for 2020 are based on earnings per share in the Fagerhult Group, where the variable remuneration to the CEO benefits from both organic and acquired growth. During the reporting financial year, the variable remuneration to the CEO related to the performance criterion regarding earning per share in the group was not met and therefore amounts to SEK 0 (please see table 1).

Comparative information on the change of remuneration and Company performance

Table 2 – Change of remuneration and company performance for the financial year 2020¹

All amounts in kSEK

Paid remunerations to CEO	Bodil Sonesson	7 046 (of which 537 refers to earned variable remuneration for 2019)
Fagerhult Group operating profit	Consolidated EBIT	332 500
Average remuneration on full time basis for Fagerhult Group employees (excl. CEO)	Average remuneration	415
	Number of employees on full time basis	4 418

1) The Company has not compiled corresponding information for previous financial years. In future remuneration reports, such information for financial years starting with 2020 will be disclosed for comparison.