

15/04/2021

Remuneration report 2020

Introduction

This remuneration report provides an outline of how Proact's guidelines for executive remuneration (the "remuneration guidelines"), adopted by the annual general meeting 2020, have been implemented in 2020. The report also provides details on the remuneration of Proact's CEO. In addition, the report contains a summary of Proact's outstanding share and share-price related incentive programmes. The report has been prepared in compliance with the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code *Remuneration Rules issued by the Swedish Corporate Governance Board*.

Information on the work of the remuneration committee in 2020 is set out in the corporate governance report, which is available on p. 29-33 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 9 in the annual report 2020. Further information about executive remuneration is also available in note 9.

Key Developments 2020

The CEO summarizes the company's overall performance in his statement on page 2-3 in the annual report 2020.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of Proact'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 nonfinancial 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 in the Directors' Report 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 Proact's homepage, www.proact.eu. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of Proact have resolved to implement long-term share-related incentive plans and on remuneration to the board of directors. 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 plans.

Table 1 - Total remuneration paid to Proact's CEO during 2020 and 2019 in kSEK.

Name of Director, position	Financial year	1 Fixed cash remuneration		2 Variable cash remuneration*		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion fixed and variable remuneration **
		Base salary	Other benefits***	One-year variable	Multi-year variable				
Jonas Hasselberg	2020	3 960	63	602	0		1 203	5 828	90/10
CEO	2019	3 960	64	434	0		1 209	5 667	92/8

* The variable compensation that was earned during the year. Multi-year variable remuneration is included when it is vested, and thus earned

** Pension expense is regarded as fixed remuneration

*** Car benefit

Share based remuneration

Outstanding share incentive programmes

Proact has implemented two performance share plans (2019/2021 and 2020/2022) for the executive management and key leaders. In order to be part of the performance share plan the executive management team and key leaders have made an investment in shares themselves (savings shares). The executive management and key leaders can be awarded 0 to maximum 5 shares (performance shares) per savings share at the end of the program. Performance shares will be awarded free of charge and are subject to three-year vesting periods and continued employment. Vesting of performance shares is subject to the satisfaction of performance conditions. In the first program (2019/2021) performance targets are earnings per share 2021 (relative weighting 50%) and net sales in 2021 (relative weighting 50%). In the second program (2020/2022) targets are earnings per share 2022 (relative weighting ~33%), net sales 2022 (relative weighting ~33%) and return on capital employed 2022 (relative weighting ~33%). Maximum 81 000 performance shares will be awarded if the programs meet performance targets, which corresponds to 0,44% (2019/2021) and 0,45% (2020/2022) of the shares in the company on a diluted basis.

Table 2 - Remuneration of the CEO in shares

Name of Director, position	The main conditions of share award plans					Information for the year 2020					
						Opening balance	During the year		Closing balance		
	1 Name of plan	2 Performance period	3 Award date	4 Vesting Date	5 End of retention period	6 Share awards at beginning of the year*	7 Awarded*	8 Vested	9 Subject to performance condition	10 Awarded and unvested at year end	11 Subject to retention period
Jonas Hasselberg, CEO	LTI Plan 2019	2019-2021	2019-05-09	2022 Q1 report release date	2022 Q1 report release date	4 500			4 500		
	LTI Plan 2020	2020-2022	2020-05-06	2023 Q1 report release date	2023 Q1 report release date		4 500		4 500		
						TOTAL 4 500	TOTAL 4 500	TOTAL 0	TOTAL 9 000	TOTAL 0	TOTAL 0

*Aktier inkluderar endast aktierätter i programmet som alla är prestationsaktier. Sparaktier som verkställande direktören har investerat själv för att delta i programmet ingår inte i tabellen.

Performance of the CEO in the reported financial year

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Set out in Table 3 below is a description of how the criteria for payment of variable short-term compensation have been applied during the financial year.

Table 3 - Performance of the CEO in the reported financial year: variable cash remuneration

Name of Director, Position	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3	
			a) Measured performance and b) Actual award/ remuneration	
Jonas Hasselberg, CEO	Organic revenue	20%	a) 3 608 kSEK b) 8 kSEK	
	Organic profit before tax	50%	a) 169 MSEK b) 0 kSEK	
	Organic capital employed as % of revenue	20%	a) 27,3% b) 396 kSEK	
	eNPS = Employee Net Promotor Score	10%	a) 19 b) 198 kSEK	

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY)

Annual change	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	RFY 2020
Directors remuneration						
CEO*	+4 854 kSEK (54%)	-3 082 kSEK (- 52%)	-54 kSEK (-1%)	-213 kSEK (-4%)	161 kSEK (3%)	5 828 kSEK
Company's performance						
EBITA	23,5 MSEK (17%)	24,2 MSEK (15%)	12,4 MSEK (7%)	-66,3 MSEK (-33%)	82,5 MSEK (61%)	216,7 MSEK
Average remuneration on a full-time equivalent basis of employees						
Average remuneration per FTE**	-18 kSEK (-2%)	0 kSEK (0%)	+10 kSEK (1%)	+45 kSEK (6%)	+47 kSEK (5%)	910 kSEK

* RFY-4 (2016) and RFY-2 (2018) include severance costs for the CEO

** Employees in the Swedish subsidiaries