

Remuneration report 2021

Introduction

This report describes how the guidelines for remuneration of senior executives of Proact, adopted by the 2020 Annual General Meeting, have been implemented in 2021. The report also includes information on remuneration to Proact's Chief Executive Officer and a summary of Proact's outstanding share and share price related schemes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Information on the work of the remuneration committee in 2021 can be found on pages 37–41 in the corporate governance report.

Directors' fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are disclosed in Note 9 of the 2021 Annual Report. Further information on senior executives can also be found in Note 9 of the 2021 Annual Report.

Development in 2021

The Chief Executive Officer summarises the company's overall performance in his report on pages 2–3 of the 2021 Annual Report.

The company's remuneration policy, application, purpose and deviations

One prerequisite for successful implementation of Proact's strategy and safeguarding of its long-term interests, including

sustainability aspects, require Proact to be able to recruit and retain qualified staff. For this, Proact needs to be able to offer competitive remuneration to its employees. Proact's remuneration guidelines make it possible to offer senior executives competitive overall remuneration. According to the guidelines on remuneration, remuneration to senior executives must be in line with market conditions and must comprise the following components: fixed cash salary, flexible cash remuneration, pension benefits and other benefits. The variable cash reimbursement must be linked to financial and non-financial criteria. These may involve customised quantitative or qualitative targets. These criteria must be formulated so that they promote Proact's strategy and long-term interests, including sustainability aspects, by maintaining a clear link to the strategy, for example, or promoting the long-term development of the executive.

The guidelines can be found in the Directors' Report in the 2021 Annual Report. In 2021, Proact has complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no deviations from the guidelines, and no deviations from the decision-making process that has to be applied according to the guidelines in order to determine the remuneration. The auditor's opinion on Proact's compliance with the guidelines can be found on the Proact website, www.proact.eu. No compensation has been claimed back. Besides the remuneration covered by the remuneration guidelines, Proact's Annual General Meetings have made a decision to introduce long-term, share-based incentive schemes.

Total remuneration to the Chief Executive Officer in 2021 and 2020, SEK thousands

	Financial year	Fixed cash remuneration ¹⁾			Performance-related pay			Pension costs	Total remuneration	Per centage of fixed remuneration and performance-related pay ²⁾
		Basic salary	Other benefits ³⁾	One-year performance-related pay	Multinannual performance-related pay	Extraordinary items				
Jonas Hasselberg, CEO	2021	4,079	4	0	0	-	1,196	5,278	100/0	
	2020	3,960	63	602	0	-	1,203	5,828	90/10	

1) The performance-related pay was earned during the year. Multinannual performance-related pay is included when it is paid and thus earned

2) Pension costs are accounted for as fixed remuneration

3) Car benefit and health benefit

Share-based remuneration

Outstanding share and share price-related incentive schemes

Proact has implemented three share incentive schemes (2019/2021, 2020/2022 and 2021/2023) for the Group executive and key employees. To participate in the share incentive schemes, the Group executive and key employees must have invested in shares themselves (savings shares). The Group executive and key employees may be awarded zero to five share rights (performance shares) per savings share at the end of the schemes. Performance shares are awarded free of charge and are subject to three-year vesting periods and continued employment. The vesting of performance shares requires fulfilment of specific performance conditions.

In the first scheme (2019/2021), the performance conditions are earnings per share in 2021 (relative weighting 50%) and net revenues in 2021 (relative weighting 50%). In the second scheme (2020/2022), the targets are earnings per share in 2022 (relative weighting ~33%), net revenues in 2022 (relative weighting ~33%) and return on capital employed in 2022 (relative weighting ~33%). In the third scheme (2021/2023), the targets are earnings per share in 2023 (relative weighting ~33%), net revenues in 2023 (relative weighting ~33%) and return on capital employed in 2023 (relative weighting ~33%). A maximum of 366,000 performance shares may be allocated if the schemes meet the conditions, corresponding to 0.44% (2019/2021), 0.45% (2020/2022) and 0.45% (2021/2023) of the shares in the company after dilution.

Remuneration of the Chief Executive Officer in shares

Name, position of executive	Main conditions for the share incentive scheme					Information 2021					
	Name of scheme	Performance period	Allocation date	Vesting date	End of lock-in period	Opening balance	During the year		Closing balance		
						Share rights at start of year	Awarded ¹⁾	Vested	Subject to performance conditions	Awarded but not vested at year-end	Subject to lock-in period
Jonas Hasselberg, CEO	LTI Plan 2019	2019–2021	9 May 2019	2022 Q1 reporting date	2022 Q1 reporting date	13,500			13,500		
	LTI Plan 2020	2020–2022	6 May 2020	2023 Q1 reporting date	2023 Q1 reporting date	13,500			13,500		
	LTI Plan 2021	2021–2023	6 May 2021	2024 Q1 reporting date	2024 Q1 reporting date		13,500		13,500		
						27,000	13,500	0	40,500	0	0

1) Shares include only share rights in the scheme, all of which are performance shares. Savings shares invested by the Chief Executive Officer himself in order to participate in the scheme are not included in the table. All shares subject to performance conditions are awarded but unvested and subject to lock-in.

Application and performance of the Chief Executive Officer in the reported financial year

The performance criteria for the Chief Executive Officer's performance-related pay have been chosen in order to implement the company's strategy and encourage actions that are in the long-term interests of the company. The selection of performance criteria has taken into account the strategic objectives and short- and long-term business priorities for 2021.

The non-financial performance criteria also contribute to sustainability and the company's values.

Table 3 below describes how the criteria for performance-related pay have been applied during the reported financial year.

Performance of the Chief Executive Officer in the reported financial year: performance-related pay

Name, position of executive	Description of criteria related to the performance component	Relative weighting of performance criteria, %	A) Measured performance and B) Actual award/remuneration outcome
Jonas Hasselberg, CEO	Organic revenues	20	A) SEK 3,412 million B) SEK 0 thousand
	Organic profit before tax	50	A) SEK 152 million B) SEK 0 thousand
	Organic capital employed as % of revenues	20	A) 32.5% B) SEK 0 thousand
	eNPS = Employee Net Promoter Score	10	A) 13 B) SEK 0 thousand

Comparative information on changes in remuneration and company results

Changes in remuneration and company results over the last five reported financial years (RR) (SEK thousands)

Annual change	RR-4 vs RR-5	RR-3 vs RR-4	RR-2 vs RR-3	RR-1 vs RR-2	RR vs RR-1	RR 2021
Remuneration to the Chief Executive Officer						
Chief Executive Officer ¹⁾	SEK -3,082 thousand (-52%)	SEK -54 thousand (-1%)	SEK -213 thousand (-4%)	SEK +155 thousand (3%)	SEK -544 thousand (-9%)	SEK 5,278 thousand
Proact performance						
EBITA	SEK 24.2 million (15%)	SEK 12.4 million (7%)	SEK -66.3 million (-33%)	SEK 82.5 million (61%)	SEK -19.2 million (-9%)	SEK 197.5 million
Average remuneration per full-time equivalent employed by the company						
Average remuneration per FTE ²⁾	SEK 0 thousand (0%)	SEK +10 thousand (+1%)	SEK +45 thousand (+6%)	SEK +47 thousand (5%)	SEK +2 thousand (0%)	SEK 912 thousand

1) RR-5 (2016) and RR-3 (2018) include costs for severance pay to the Chief Executive Officer.

2) Employees of the Swedish subsidiaries excluding Conoa, which only belonged to the Group for part of 2021.