

CONCENTRIC AB – REMUNERATION REPORT 2021

Introduction

This report describes how the guidelines for executive remuneration of Concentric AB, adopted by the general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO and a summary of the company's outstanding and concluded incentive plans during the year.

The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.¹

Further information on executive remuneration is available in note 8 on pages 91-92 in the annual report 2021. Information on the work of the remuneration (compensation) committee in 2021 is set out in the corporate governance report available on page 56–57 in the annual report 2021.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed on page 91 in the annual report 2021.

Key developments 2021

The CEO summarizes the financial year 2021 and the company's overall performance in his statement on page 6-9 in the annual report 2021. The summary provides information regarding the key element that had an impact on the remuneration during the financial year.

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

In order to execute strategic plans and deliver effective operational results to support the company's business strategy and long-term interests, including its sustainability, it is of fundamental importance to attract and retain senior executives and other employees with excellent competence. To obtain this it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels. The remuneration guidelines enable the company, regardless of geographical market, to offer the senior executives a competitive total compensation. Under the remuneration guidelines, executive remuneration shall be on market terms and consist of a balanced combination of fixed- and variable remuneration as well as pension and other benefits. The variable remuneration shall be in relation to financial targets for the company as a whole as well as clearly stipulated individual non-financial targets in relation to certain duties of the respective executive. The latter is used to ensure focus on non-financial targets of special interest. The financial- and non-financial targets shall be designed to contribute to the company's business strategy as well as facilitate its long-term interests, including its sustainability. The most recently resolved remuneration guidelines are found on pages 71-75 in the annual report for 2021. During 2021, the company has complied with the applicable remuneration guidelines adopted by the general meeting 2020. There have been no deviations from the guidelines, nor from the procedure for the implementation of the guidelines, in the financial year of 2021. The auditor's report regarding the company's compliance with the guidelines will be provided on the company's website along with other relevant documents before the annual shareholders' meeting 2022.

¹ The Remuneration Rules issued by the Swedish Corporate Governance Board in force as of 1 January 2021.

No remuneration has been reclaimed during the financial year.

In addition to remuneration covered by the remuneration guidelines, previous annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 – Total remuneration of Directors in 2021 (kSEK)*

Name of director (position)	1. Fixed remuneration			2. Variable remuneration		3. Extraordinary items	4. Pension expense	5. Total remuneration	6. Proportion of fixed and variable remuneration
	Base salary	Fees	Fringe benefits**	One-year variable	Multi-year variable				
David Woolley (CEO) 2021	6,125		873	4,164	2,036			13,198	
David Woolley (CEO) 2020	4,955		893	1,715	2,480			10,043	
David Woolley (CEO) 2019	4,947		839	2,414	4,541			12,741	

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2021. Multi-year variable remuneration is reported if vested in 2021, as set out in Table 2 and Table 3 below (as applicable). Disbursement of any payments may or may not have been made the same year.

**Fringe benefits include car lease, medical insurance and a cash payment in lieu of pension contribution. Cash in lieu of pension amount is fixed.

Share based remuneration – Outstanding incentive plans

Table 2 – Share options awarded or due to the Directors for the reported financial year

Name of director (position)	The main conditions of share option plans							Information regarding the reported financial year					
	1. Name of plan	2. Performance period	3. Award date	4. Vesting date	5. End of retention period	6. Exercise period	7. Strike price (SEK)	Opening balance	During the year		Closing balance		
								8. Share options held at beginning of year	9. Share options awarded	10. Share options vested	11. Share options subject to performance condition	12. Share options awarded and unvested	13. Share options subject to retention period
David Woolley (CEO)	LTI 2018	2018 - 2020	29 October 2018	6 May 2021	6 May 2021	6 May 2021 – 5 August 2021	15,370 @175.10 46,110 @ 116.70	61,480	0	46,110	0	0	0
	LTI 2019	2019 - 2021	23 July 2019	One day after publication of the interim report Q1 2022	One day after publication of the interim report Q1 2022	Three months one day after publication of the interim report Q1 2022	17,690 @ 171.00 53,070 @ 114.00	70,760	0	0	35,380	70,760	0
	LTI 2020	2020 - 2022	22 July 2020	One day after publication of the interim report Q1 2023	One day after publication of the interim report Q1 2023	Three months one day after publication of the interim report Q1 2023	16,710 @ 189.40 50,130 @ 126.20	66,840	0	0	0	0	0
								199,080	0	46,110	35,380	70,760	0

Table 3 – Share awarded or due to the Directors for the reported financial year

Concentric AB does not issue any shares to any director or employee of the Company.

Name of director (position)	The main conditions of share award plans					Information regarding the reported financial year					
						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	8. Share award held at beginning of year	9. Shares awarded	10. Shares vested	11. Shares subject to performance condition	12. Shares awarded and unvested	13. Shares subject to retention period
David Woolley (CEO)	N/A										
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL

Application of performance criteria - variable remuneration

Table 4 – Performance of Directors in the reported financial year

Name of director (position)	1. Description of the performance criteria and type of applicable remuneration	2. Relative weighting of the performance criteria	3. Information on Performance Targets		4. a) Measured performance and b) actual award outcome
			a) Minimum target/threshold performance and b) corresponding award	a) Maximum/target performance and b) corresponding award	
David Woolley (CEO)	Group Financial Target Attainment - Bonus	60 %	a) 73%	a) 100%	a) 100 %
			b) £0	b) £264,600	b) £264,600
	New Business/Sales Growth Target Attainment- Bonus	10 %	a) 73%	a) 100%	a) 100%
			b) £0	b) £44,100	b) £44,100
	Individual target attainment with growth focused goals - Bonus	30 %	a) 0 %	a) 100%	a) 100%
			b) £0	b) £132,300	b) £132,300

Remuneration – Comparison

Table 5 - Comparative table over the remuneration and company performance over the last five reported financial years

Annual change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	Information regarding the RFY*
	Director's remuneration					
David Woolley (CEO)	4,907	(2,753)	1,603	(2,403)	3,155	
	Company performance					
Group operating profit	62,921	125,205	(56,815)	(198,461)	127,182	
	Average remuneration on a full-time equivalent basis of employees					
Employees of the parent company						

* RFY – Reported Financial Year