

This Remuneration report is a translation of the Swedish original



Remuneration report 2022

Introduction

This remuneration report describes how AB Industrivärden's guidelines for compensation of senior executives ("the Compensation Guidelines"), which were adopted by the 2020 Annual General Meeting, and which applied unchanged during 2022, were complied with during 2022. The guidelines for compensation of senior executives are to be adopted at least every four years.

The Compensation Guidelines are described in Note 8 on pages 66-67 of the Company's 2022 annual report ("Annual Report 2022"), and are also available on Industrivärden's website, www.industrivarden.net. The report has been prepared in accordance with Ch. 8, Sections 53a and 53b of the Swedish Companies Act (Aktiebolagslagen (2005:551)) and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes drawn up by the Swedish Corporate Governance Board (now managed by The Stock Market Self-Regulation Committee (ASK)).

Information in accordance with Ch. 5, Sections 40-44 of the Swedish Annual Accounts Act (Årsredovisningslagen (1995:1554)) is provided in Note 8 on pages 66-67 of the Annual Report 2022.

In addition to the remuneration addressed by the Compensation Guidelines, Industrivärden's Annual General Meeting has resolved on long-term share savings programs for employees of Industrivärden and fees for the Company's board members. Remuneration of Industrivärden's board members is not covered by this report. Such remuneration is decided on yearly by the Annual General Meeting and is described in Note 8 on pages 66-67 of the Annual Report 2022.

This report includes information about remuneration of the CEO and a summary of the Company's outstanding long-term incentive programs.

The Company's development during 2022

A summary of the Company's and equities portfolio's development and performance during the year is provided in the Annual Report 2022 on pages 6 and 22-23, and in the CEO's message on pages 8-9.

Application of the Company's Compensation Guidelines

A successful and sustainable execution of the Company's mission, objectives and strategy for the purpose of furthering the Company's long-term interests requires that the Company can recruit and retain qualified employees. The remuneration structure described in the guidelines contribute to this by ensuring that senior executives can be offered market-based and competitive total remuneration that is commensurate with their responsibilities and authority.

In 2022, no deviations have been made from the Compensation Guidelines or the decision-making process which, according to the Compensation Guidelines, shall be applied for determining remuneration. The auditor's statement, which shows that the Company has complied with the Compensation Guidelines in 2022, is available on the Company's website: www.industrivarden.net.

CEO's total remuneration

The table below shows the CEO's total remuneration in 2022.

*Table 1 – Total remuneration to the CEO (SEK M)*¹

Name and position	Financial year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense ⁵	Total remuneration	Proportion fixed / variable remuneration of total remuneration (%) ⁶
		Base salary ²	Other benefits ³	One-year variable (STI)	Multi-year variable (LTI) ⁴				
Helena Stjernholm, CEO	2022	12.0	0.1	4.8	0.6	-	4.8	22.4	76/24

The CEO's performance with respect to the variable remuneration one-year variable during the relevant financial year

In assessing the CEO's performance during the year, which serves as a basis for setting the short-term variable cash remuneration (STI), the Board of Directors has weighed in the achievement of financial and non-financial criteria in order for the end result to reflect a reasonable overall result based on Industrivärden's mission, to be a holding company that invests in and works long-term to develop and create value in its portfolio companies, and that the operations are to be conducted in a sustainable way. Examples of target areas for the CEO's short-term variable compensation are total return, activities linked to owner agendas for the portfolio companies including work on boards and nominating committees, as well as factors related to Industrivärden's operational work, development and sustainability work. Short-term variable cash remuneration may amount to a maximum of 50% of fixed annual cash salary according to the Compensation Guidelines. The weighted achievement corresponds to variable remuneration in the amount of 40% of the fixed annual cash salary for 2022.

Long-term incentive programs outstanding and completed during the year

Since 2012, the Annual General Meetings have resolved on long-term share savings programs (LTI) for the Company's employees. The share savings programs are part of a market-based total remuneration and aim to encourage Industrivärden's employees to increase their ownership of shares in the Company and thereby further emphasize long-term shareholder value.

The programs run over 3 years and require that the employee invests a certain portion of his or hers fixed base salary in Class C shares in Industrivärden and keeps these during the duration of the programs. Up to and including 2019, the employee had the opportunity to receive matching and performance shares. In 2020 the program was revised to increase the feature of performance targets in the program and achieve

¹ Except for the *Multi-year variable (LTI)*, the table shows remuneration earned during the specified financial year. The *Multi-year variable (LTI)* is specified as the value of the shares vested during the year. Payment of the *One-year variable (STI)* is made in the year after it was earned. All amounts are rounded off.

² The Company's cost amounts to SEK 8.0 M after deducting SEK 4.0 M for directors' fees paid by portfolio companies etc.

³ Other benefits pertain to a company car, etc.

⁴ The value of shares vested during the year in the share savings program, see column 7 in Table 2.

⁵ Pertains to defined contribution pension.

⁶ Pension, which in its entirety relates to fixed cash salary, has been counted as fixed remuneration.

greater differentiation and expanded scope regarding outcome for grants of shares between the program's various categories of participants. In connection with this the opportunity to receive matching shares was removed.

The 2022 Annual General Meeting adopted a long-term share savings program which follows the same basic structure as the 2020 and 2021 programs. Industrivärden's long-term share savings programs that are outstanding and completed during the year are presented in more detail on Industrivärden's website www.industrivarden.net and in Note 8 on pages 66-67 of the Annual Report 2022.

In the three outstanding programs (2020-2022) a maximum of 56,188 performance shares may be granted to the CEO, and a maximum of 44,776 performance shares may be granted to other employees. The 2019 program expired in 2022. Table 2 below shows the CEO's participation in the programs.

Table 2 – Remuneration to the CEO in shares

Name and position	The main conditions of the share savings programs				Information regarding the reported financial year ⁷				
					Opening balance	During the year		Closing balance	
	1 Long-term share savings programs	2 Start of lock-in and performance periods	3 End of lock-in and performance periods	4 Vesting date	5 Share rights held at the start of the year	6 Share rights awarded	7 Shares vested	8 Share rights subject to performance conditions (performance shares)	9 Share rights not subject to performance conditions (matching shares)
Helena Stjernholm, CEO	2019	11/1/2019	10/06/2022	10/27/2022	12,840	0	2,568 ⁸	0	0
	2020	10/31/2020	*	**	19,656	0	0	19,656	0
	2021	10/30/2021	*	**	16,040	0	0	16,040	0
	2022	10/31/2022	*	**	0	20,492 ⁹	0	20,492	0
					TOTAL 48,536	TOTAL 20,492	TOTAL 2,568	TOTAL 56,188	TOTAL 0

* The date of publication of Industrivärden's third quarter interim report for the third year after the start of the share savings program.

** Expected to take place shortly after the end of the lock-in period.

⁷ Savings shares that the CEO has invested in the share savings programs in order to participate are not included in the table.

⁸ The long-term share savings program (LTI) that expired in 2022 resulted in vesting of 2,568 Industrivärden Class C shares to the CEO as matching shares, corresponding to a value of SEK 0.6 M. The performance criterion for the 2019 program, which measured the total return of the Industrivärden Class C share relative to SIXRX during the lock-in period, was not met.

⁹ Corresponds to a value of SEK 5.1 M, calculated as the market price at the start of the lock-in period times the number of shares.

Comparative information regarding remuneration and the Company's development

The table presented below shows remuneration to CEO, net asset value and average remuneration for other employees. Net asset value is used by Industrivärden and other interests to monitor and describe the Group's operations and development.

Table 3 – Change in remuneration and the Company's development

	2020	2021	2022
Remuneration to Helena Stjernholm, CEO	SEK 20.8 M	SEK 20.7 M (-0,5%)	SEK 22.4 M (+8,2%)
Net asset value ¹⁰	SEK 121.2 bn	SEK 143.5 bn (+22% including reinvested dividend)	SEK 126.5 bn (-10% including reinvested dividend)
Average remuneration for other employees	SEK 2.5 M	SEK 2.5 M (+0.0%)	SEK 2.5 M (+0.0%)

Description of how the views of shareholders' have been taken into consideration

The Annual General Meeting 2022 approved the Board's submitted remuneration report for 2021. The Company has received comments on the report consisting of requests for further details regarding how the evaluation of the CEO performance, related to short-term variable cash remuneration, is done. The compensation committee has considered the views and additional information has been provided in the relevant part of the remuneration report for 2022.

Stockholm, March 2023

AB Industrivärden
The Board of Directors

¹⁰ Net asset value is calculated as the market value of the equities portfolio less net debt. To calculate the development of net asset value before dividends paid out, the dividends paid out by the Company are reversed and recalculated to take into account the performance of the equities portfolio. This gives a measure of how net asset value would have developed if Industrivärden had not paid any dividend. The Group's net income was SEK -13 967 M for the 2022 financial year, SEK 26,594 M for the 2021 financial year and SEK 8,440 M for the 2020 financial year.