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## Remuneration report 2020

### Introduction

This remuneration report describes how AB Industrivärden's guidelines for remuneration of senior executives ("the Remuneration Guidelines"), which were adopted by the 2020 Annual General Meeting, were complied with during 2020. The Remuneration Guidelines are described in Note 7 on pages 59-60 of the Company's 2020 annual report ("Annual Report 2020"), and are also available on Industrivärden's website, [www.industrivarden.se](http://www.industrivarden.se). The report has been prepared in accordance with Ch. 8, Sections 53a and 53b of the Swedish Companies Act (*Aktieföretagslagen (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.

Information in accordance with Ch. 5, Sections 40-44 of the Swedish Annual Accounts Act (*Årsredovisningslagen (1995:1554)*) is provided in Note 7 on pages 59-60 of the Annual Report 2020.

In addition to the remuneration addressed by the Remuneration 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 7 on pages 59-60 of the Annual Report 2020.

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 2020

A summary of the Company's and equities portfolio's development and performance during the year is provided in the Annual Report 2020 on pages 6 and 28-29, and in the CEO's message on pages 10-13.

### Application of the Company's remuneration 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 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 2020, no derogations have been made from the Remuneration Guidelines or the decision-making process which, according to the Remuneration Guidelines, shall be applied for determining remuneration. The auditor's statement on how the Company has complied with the Remuneration Guidelines is available on the Company's website: [www.industrivarden.se](http://www.industrivarden.se).

## CEO's total remuneration

The table below shows the CEO's total remuneration in 2020.

*Table 1 – Total remuneration to the CEO (SEK M)<sup>1</sup>*

Name of executive, position	Financial year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense <sup>5</sup>	Total remuneration	Proportion of fixed and variable remuneration
		Base salary <sup>2</sup>	Other benefits <sup>3</sup>	One-year variable (STI)	Multi-year variable (LTI) <sup>4</sup>				
Helena Stjernholm, CEO	2020	11.3	0.1	4.3	0.6	0	4.5	20.8	70/30

### The CEO's performance with respect to the 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 conduct long-term value-creating asset management by active ownership, as well as the core value that the business shall be conducted with a high level of integrity and a sustainable approach. The weighted achievement corresponds to variable remuneration in the amount of 38% of the fixed annual cash salary for 2020.

### 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 where the employee has the opportunity to receive matching and performance shares of Class C after three years, subject to the employee having invested a certain portion of the fixed base salary in Industrivärden shares. The program aims to encourage Industrivärden's employees to increase their ownership of shares in the Company and thereby further emphasize long-term shareholder value.

The 2020 Annual General Meeting adopted a revised long-term incentive program. The 2020 program follows the same basic structure as previously adopted programs, but has been adjusted to increase the feature of performance targets in the program and achieve a greater differentiation and expanded scope for outcome for grants of shares between the program's various categories of participants. The opportunity to receive matching shares has been removed.

<sup>1</sup> 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, see also Table 2. Payment of the *One-year variable (STI)* is made in the year after it was earned. In February 2021 the CEO purchased 75,000 call options from L E Lundbergföretagen for the same number of Industrivärden Class C shares at a premium of SEK 26.70 per share. The options expire on February 18, 2026, with an exercise price of SEK 333 per share. The transaction was carried out at market terms based on the Black & Scholes pricing model for call options. The options are therefore not reported as remuneration in this report.

<sup>2</sup> The Company's cost amounts to SEK 8.1 M after deducting SEK 3.2 M for directors' fees paid by portfolio companies.

<sup>3</sup> Other benefits pertain to a company car, etc.

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

<sup>5</sup> Pertains to defined contribution pension.

In the three outstanding programs a maximum of 5,373 matching shares and 41,148 performance shares may be granted to the CEO, and a maximum of 6,382 matching shares and 39,576 performance shares may be granted to other employees.

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.se](http://www.industrivarden.se), and in Note 7 on pages 59-60 of the Annual Report 2020. Table 2 below shows the CEO's participation in the programs.

Table 2 – Remuneration to the CEO in shares

Name of executive, position	The main conditions of the share savings plans				Information regarding the reported financial year <sup>6</sup>				
					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	2017	10/21/2017	*	10/27/2020	13,410	0	2,682 <sup>7</sup>	0	0
	2018	10/20/2018	*	**	14,025	0	0	11,220	2,805
	2019	11/1/2019	*	**	12,840	0	0	10,272	2,568
	2020	10/31/2020	*	**	0	19,656 <sup>8</sup>	0	19,656	0
	<b>TOTAL</b>				<b>40,275</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>
						<b>19,656</b>	<b>2,682</b>	<b>41,148</b>	<b>5,373</b>

\* 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.

<sup>6</sup> Savings shares that the CEO has invested in the share savings programs in order to participate are not included in the table.

<sup>7</sup> The long-term share savings program (LTI) that expired in 2020 resulted in vesting of 2,682 Industrivärden Class C shares to the CEO as matching shares, corresponding to a value of SEK 0.6 M. The performance criterion for the 2017 program, which measured the total return of the Industrivärden Class C share relative to SIXRX during the lock-in period, was not met.

<sup>8</sup> Corresponds to a value of SEK 4.5 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

Since this document constitutes the first remuneration report prepared by Industrivärden, the table below includes information only pertaining to the 2020 financial year.

*Table 3 – Remuneration and the Company's development in 2020*

	2020
Remuneration to Helena Stjernholm, CEO	SEK 20.8 M
Net asset value growth including reinvested dividend <sup>9</sup>	8%
Average remuneration for other employees	SEK 2.5 M

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Stockholm, February 2021

AB Industrivärden  
*The Board of Directors*

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<sup>9</sup> Net asset value is used by Industrivärden and other interests to monitor and describe the Group's operations and development. Net asset value is calculated as the market value of the equities portfolio less interest-bearing net debt. To calculate the development of net asset value before dividends paid out, the dividends paid out by the Company are recalculated to take into account the performance of the listed 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 for the 2020 financial year was SEK 8,440 M.