

Remuneration report 2021

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, were complied with during 2021. The guidelines for compensation of senior executives are to be adopted at least every four years.

The Compensation Guidelines are described in Note 7 on pages 57-58 of the Company's 2021 annual report ("Annual Report 2021"), 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.

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 57-58 of the Annual Report 2021.

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 7 on pages 57-58 of the Annual Report 2021.

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 2021

A summary of the Company's and equities portfolio's development and performance during the year is provided in the Annual Report 2021 on pages 6 and 28-29, and in the CEO's message on pages 10-11.

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 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 2021, 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 2021, is available on the Company's website: www.industrivarden.net.

CEO's total remuneration

The table below shows the CEO's total remuneration in 2021.

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

Name of executive, position	Financial year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense ⁵	Total remuneration	Proportion of fixed and variable remuneration
		Base salary ²	Other benefits ³	One-year variable (STI)	Multi-year variable (LTI) ⁴				
Helena Stjernholm, CEO	2021	11.6	0.1	3.5	0.8	-	4.7	20.7	73/27

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 contribute to the portfolio companies' long-term development and value creation through 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 30% of the fixed annual cash salary for 2021.

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

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. In February 2021 the CEO purchased 75,000 call options from L E Lundberg-företagen 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.

² The Company's cost amounts to SEK 7.9 M after deducting SEK 3.7 M for directors' fees paid by portfolio companies.

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.

opportunity to receive matching shares has been removed. The 2021 Annual General Meeting adopted a long-term incentive program that follows the same basic structure as the 2020 program.

In the three outstanding programs (2019-2021) a maximum of 2,568 matching shares and 45,968 performance shares may be granted to the CEO, and a maximum of 3,523 matching shares and 45,313 performance shares may be granted to other employees. The 2018 program expired in 2021.

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 7 on pages 57-58 of the Annual Report 2021. 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 ⁶				
					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	2018	10/20/2018	10/11/2021	10/27/2021	14,025	0	2,805 ⁷	0	0
	2019	11/1/2019	*	**	12,840	0	0	10,272	2,568
	2020	10/31/2020	*	**	19,656	0	0	19,656	0
	2021	10/30/2021	*	**	0	16,040 ⁸	0	16,040	0
	TOTAL				46,521	TOTAL	TOTAL	TOTAL	TOTAL
						16,040	2,805	45,968	2,568

* 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.

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

⁷ The long-term share savings program (LTI) that expired in 2021 resulted in vesting of 2,805 Industrivärden Class C shares to the CEO as matching shares, corresponding to a value of SEK 0.8 M. The performance criterion for the 2018 program, which measured the total return of the Industrivärden Class C share relative to SIXRX during the lock-in period, was not met.

⁸ 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

The table presented below refers to the outcome in 2021 compared with the outcome in 2020, which was the first year a remuneration report was prepared.

Table 3 – Change in remuneration and the Company's development in 2021 compared to 2020

	2020	2021	2021 compared to 2020
Remuneration to Helena Stjernholm, CEO	SEK 20.8 M	SEK 20.7 M	SEK -0.1 M (-0.5%)
Net asset value ⁹	SEK 121.2 bn	SEK 143.5 bn	+22% including reinvested dividend
Average remuneration for other employees	SEK 2.5 M	SEK 2.5 M	SEK +0,0 M (+0.0%)

Stockholm, February 2022

AB Industrivärden
The Board of Directors

⁹ 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 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 2021 financial year was SEK 26,594 M and SEK 8,440 M for the 2020 financial year.