

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Inwido AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and deputy CEO. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 8 (Employees and personnel costs) on pages 82-85 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 45-49 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 8 on page 83 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on page 15 in the annual report 2020.

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

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be based on market terms and consist of a balanced mix of fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 83-84 in the annual report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.inwido.com/about/general-meetings/general-meetings. No remuneration has been reclaimed

Table 1 – Total CEO and deputy CEO remuneration in 2020 (KSEK)¹

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration ⁴
	Base salary ²	Other benefits ³	One-year	Multi-year				
Henrik Hjalmarsson (CEO)	5 610	162	2 556	0	0	1 670	9 997	75 / 25
Peter Welin (deputy CEO)	3 832	107	1 483	0	0	970	6 392	77 / 23

¹The table reports remuneration earned in 2020. This applies regardless of whether payment has, or has not, been made in the same year

²Including holiday pay and changed provisions for holiday pay amounted to 171 KSEK for CEO and SEK 124 KSEK for deputy CEO

³Car benefit and health insurance

⁴Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

The company has no outstanding or during the year closed share-related or share price-related incentive programs.

Application of performance criteria

The performance measures for the CEO's and deputy CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The performance measures further contribute to alignment with sustainability as well as the company values.

Table 2 – Performance of the CEO and deputy CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) measured performance and b) actual award/remuneration outcome
Henrik Hjalmarsson (VD)	OP EBITA 2020	60%	a) 729 MSEK b) 1 632 KSEK
	Working Capital in relation to sales	20%	a) 6.7% b) 544 KSEK
	OP EBITA for Elitfönster and Pihla Group	12%	a) 174 MSEK b) 163 KSEK
	Organic growth of E-commerce	6%	a) 33% b) 163 KSEK
	Cost savings; overhead costs in relation to sales	2%	a) 15% b) 54 KSEK
Peter Welin (vice VD)	OP EBITA 2020	60%	a) 729 MSEK b) 1 001 KSEK
	Working Capital in relation to sales	20%	a) 6.7% b) 334 KSEK
	OP EBITA for local business units where Peter Welin is chairman of the board	18%	a) 31 MSEK b) 111 KSEK
	Cost savings; overhead costs in relation to sales	2%	a) 15% b) 37 KSEK

For the definition of OP EBITA (Operational EBITA), see page 104 in the Annual Report for 2020.

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)

	RFY-2016 vs RFY-2015	RFY-2017 vs RFY-2016	RFY-2018 vs RFY-2017	RFY-2019 vs RFY-2018	RFY-2020 vs RFY-2019	RFY2020
CEO remuneration ¹	-2 397 (-19.5%)	+759 (+7.7%)	- 314 (-2.9%)	-1 895 (-18.3%)	+1 531 (+18.1%)	9 997
Deputy CEO remuneration ²					-302 (-4.5%)	6 392
Group OP EBITA	+83 780 (+14.2%)	-24 728 (-3.7%)	+8 864 (+1.4%)	-11 873 (-1.8%)	+83 229 (+12.9%)	728 767
Average remuneration on a full time equivalent basis of employees ³ in the parent company	+23 (2.7%)	+157 (17.9%)	-93 (-9.0%)	+81 (+8.6%)	+103 (+10.1%)	1 125

¹Henrik Hjalmarsson was appointed as CEO on January 8, 2019

²Peter Welin was appointed as deputy CEO on January 8, 2019. Prior to that, the company had no deputy CEO. Peter Welin was acting CEO at the beginning of 2019

³Exclusive members of Group management.

Malmö March 2021
The board of directors for Inwido AB (publ)