

## Remuneration report 2020

### **Introduction**

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

Further information on executive remuneration is available in note 16 (Salaries and other remuneration) on pages 86-88 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 51-56 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 16 on page 87 in the annual report 2020.

### **Key developments 2020**

The CEO summarizes the company's overall performance in his statement on pages 8-9 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 on market terms and shall be related to the senior executive's responsibility and authority. The total remuneration consists of fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be limited in advance to a maximum amount and be based on the outcome of predetermined and measurable criteria of result, designed with the purpose to promote the business strategy and long-term interests of the company, including its sustainability. The annual variable cash remuneration (annual bonus) shall amount to a maximum of 75% of the fixed cash salary. The variable cash remuneration may for example be based upon annual criteria in relation to financial profitability and capital tied up, as determined by the board of directors, and inter alia, be linked to the group's adjusted operating profit and adjusted return on capital employed.

The complete guidelines can be found in the Corporate Governance Report on the pages 51-56 in the annual report 2020. During 2020, Duni AB 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.duni.com](http://www.duni.com). No remuneration has been reclaimed. Duni AB has no long-term share-related incentive programmes. The main shareholder Mellby Gård AB has offered members of Duni AB's Group Management to acquire synthetic share options in Duni AB issued by Mellby Gård AB. These were exhibited in June 2018 and may be exercised during the period 1 May 2021 – 30 June 2021. Duni has not been involved in the offer that has been provided by Mellby Gård AB on its own initiative.

## Total remuneration to the CEO and the deputy CEO

2020, TSEK	Base salary <sup>1)</sup>	Variable remuneration	Other Benefits <sup>2)</sup>	Pension expense	severance pay	Total remuneration	Proportion of fixed and variable remuneration <sup>3)</sup>
Johan Sundelin CEO	2 697	-	92	604	7 681	11 074	100/0
Mats Lindroth CEO	1 330	-	41	310	-	1 681	100/0
Mats Lindroth deputy CEO	1 144	-	57	434	-	1 635	100/0

<sup>1)</sup> Fixed remuneration including holiday compensation of TSEK 254 to Johan Sundelin and TSEK 27 to Mats Lindroth in his role as CEO and TSEK 79 as deputy CEO.

<sup>2)</sup> Other benefits include company car, fuel and health insurance.

<sup>3)</sup> Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

Johan Sundelin was CEO for the period 1 January 2020 – 20 July 2020. Mats Lindroth was Deputy CEO for the same period. Mats Lindroth was then CEO for the period 20 July 2020 – 31 December 2020. During this period, Duni AB had no deputy CEO.

### **Application of performance criteria**

The performance criteria for the variable remuneration shall contribute to the company's strategy and encourage behaviour which is in the long-term interest of the company. The strategic objectives as well as short-term and long-term business priorities for the financial year shall also be taken into account.

The performance criteria for variable remuneration for the financial year 2020 consist of a financial performance measure for both the CEO and the deputy CEO. The performance measure is called Residual Income and consists of operating income minus 8% interest (WACC) of managed capital. Operating income means EBIT before restructuring costs and amortization of intangible assets identified in connection with business acquisitions. Managed capital refers to fixed assets and working capital. By including both the operating income for the year and the efficiency of the net assets, a healthy balance between long-term and short-term is promoted in the decisions.

To achieve a bonus outcome, the starting point is that the previous year's Residual Income is exceeded. At the beginning of each year, the range for bonus outcome is revalued based on the conditions prevailing in the rest of the world for the forthcoming financial year. The starting point is often slightly lower than the outcome, this to take into account negative factors that can be difficult to counteract within a year. The maximum outcome shall correspond to a significant improvement and for 2020 it was decided to be Index 125 of the outcome in 2019. For 2020, the starting point was set at Index 95 of the previous year.

The CEO may receive a maximum of 75 % of the base salary and the deputy CEO may receive a maximum of 55 % of the base salary in variable remuneration.

The outcome for 2020 was clearly negatively affected by the pandemic and ended up below the starting point with the consequence that no variable remuneration was paid to either the CEO or the deputy CEO.

### ***Comparative information on the change of remuneration and company performance***

<b>Multi-Year Comparison</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total remuneration to the CEO, TSEK <sup>1)2)</sup>	5 888	9 641	5 598	8 809	12 755
Total remuneration to the deputy CEO, TSEK <sup>1)</sup>	2 299	2 440	2 522	3 642	1 634
Average remuneration of employees in the group, TSEK <sup>3)</sup>	369	363	391	408	368
Average remuneration change compared to prev year, %	5,7%	-1,7%	7,6%	4,3%	-9,8%
The Group's reported operating income, EBIT, MSEK	463	456	351	408	70

<sup>1)</sup> 2019 includes bonus.

<sup>2)</sup> 2017 includes non-recurring compensation of MSEK 2.5 regarding sign-on bonus and 2020 includes severance payment of MSEK 7.9.

<sup>3)</sup> Average remuneration on a full time equivalent basis of employees of the group excluding members of the group executive management.

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Malmö in March 2021

DUNI AB (publ)

*The Board of Directors*