

Remuneration report 2020

This report describes how the guidelines for remuneration of senior executives of SAS AB (publ) (hereinafter the “**Company**”), adopted by the annual general meeting 2020, were implemented during the fiscal year 2020. The report also provides information on remuneration to the CEO and a summary of the Company’s previous outstanding incentive program. 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 3 (Personnel Expenses) on pages 79-81 in the annual report for the fiscal year 2020. Information on the work of the remuneration committee during the fiscal year 2020 is set out in the corporate governance report available on pages 48-62 in the annual report for the fiscal year 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 3 on page 80 in the annual report for the fiscal year 2020.

Key developments during the fiscal year 2020

The CEO summarizes the Company’s overall performance in his statement on pages 9-11 in the annual report for the fiscal year 2020.

The Company’s remuneration guidelines: scope, purpose and deviations

Successful implementation of the Company’s business strategy and safeguarding the Company’s long-term interests, including its sustainability, require the Company to recruit and retain highly qualified employees. In order to do so, the Company must offer competitive total remuneration. Total remuneration should be on market terms and competitive, and relate to responsibility and authority, and may consist of the following components: fixed salary, any variable salary according to separate agreements, pension and other benefits.

The guidelines are found on pages 55-57 in the annual report for the fiscal year 2020. During the fiscal year 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 the Company’s website www.sasgroup.net (under “About SAS/Corporate Governance”). No remuneration has been reclaimed.

Table 1 – Total CEO remuneration during the fiscal year 2020 (kSEK)

| Name of director (position) | 1 Fixed remuneration | | 2 Variable remuneration | | 3 Extraordinary items | 4 Pension expense | 5 Total remuneration | 6 Proportion of fixed and variable remuneration*** |
|--------------------------------|-------------------------|---------------------|-------------------------------|----------------------------|-----------------------------|-------------------------|----------------------------|--|
| | Base salary* | Other benefits** | One- year variable | Multi- year variable | | | | |
| Rikard Gustafson (CEO) | 12,538 | 137 | 0 | 0 | 0 | 5,227 | 17,902 | 100/0 |

* Including holiday pay of kSEK 206 and voluntary salary reduction of 20% during March to May 2020

** Travel benefits, health insurance and company car

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

The CEO has during the fiscal year 2020 not received any variable remuneration and no performance criteria have been applied during the fiscal year 2020 to determine variable remuneration.

Share-based remuneration

Outstanding share-related and share price-related incentive programs

The Company has no outstanding share-related and share price-related incentive programs that may lead to delivery. The Company's annual general meetings 2019 and 2020 resolved on the implementation of long-term incentive programs to all full-time and part-time employees with the exception of senior executives. Since the performance condition for the respective incentive program (ROIC exceeding 12%) has not been fulfilled and in accordance with the terms and conditions of the incentive programs, no allotment of shares will be made.

Comparative information on the change of remuneration and company performance

Table 5 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

| Annual change | RFY-2 vs RFY-3 | RFY-1 vs RFY-2 | RFY vs RFY-1 | RFY 2020 |
|---|---------------------|------------------------|---------------------------|-------------------|
| Remuneration to Rikard Gustafson (CEO) | +611 (+3.9%) | +1,577 (+9.8%) | +177 (+1.0%) | 17,902 |
| Group operating profit | +182,995 (+9.4%) | -1,348,416 (-63.2%) | -9,404,960 (-1,196.3%) | -8,618,772 |
| Average remuneration on a full time equivalent basis of employees* of the Company | +13.2 (+1.9%) | +60.6 (+8.4%) | -52.1** (-6.7%) | 729 |

* Excluding members of the group executive management

** Reduced salary compared to the previous year as a result of temporary layoffs during fiscal year 2020