

SinterCast Remuneration Report 2020

This report describes how the guidelines for remuneration to senior executives of SinterCast Aktiebolag ("SinterCast"), adopted by the 2020 Annual General Meeting, have been implemented in 2020 and contains information on remuneration to the CEO. This report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Senior Executives and on Incentive Programmes* issued by the Swedish Corporate Governance Board, valid from 1 January 2021.

Further information on remuneration to senior executives is available in Note 5 (Salaries and Remuneration) on pages 52-53 in the Annual Report for the financial year 2020. Information on the work of the Compensation Committee in 2020 is set out in the Corporate Governance Report available on pages 25-32 in the Annual Report for the financial year 2020.

Remuneration to the Board of Directors (Board fee) is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and is disclosed in Note 5 (Salaries and Remuneration) on page 53 in the Annual Report for the financial year 2020.

Developments During 2020

The CEO summarised the challenges and achievements of the past year in his report on page 3 in the Annual Report for the financial year 2020.

Remuneration Guidelines: Application and Deviations

In brief, SinterCast provides process control technology, know-how and technical support for the reliable high volume production of Compacted Graphite Iron (CGI). SinterCast promotes CGI within the foundry and end-user communities to increase the overall market opportunity for CGI and to define the forefront of CGI development, production and application. This focus and these efforts will maintain the global leadership in the field of CGI. The successful implementation of the company's business strategy in this highly specialised technical field, and its sustainable long-term interests, requires that the company can offer market competitive remuneration to recruit and retain employees with the right specialist competence, experience and industry contacts.

The remuneration shall consist of a balanced combination of fixed remuneration, variable remuneration, pension and other benefits. The total remuneration shall be in accordance with market practice and shall be based on performance. The fixed remuneration shall be individually determined and shall be based on each individual's responsibility, role, competence and position. Variable remuneration shall be based on predetermined targets on the Group level and the individual level, considering the effect on the long-term result. In extraordinary situations a special compensation may be paid out to attract and retain key competence.

The remuneration guidelines adopted by the Annual General Meeting are available on pages 29-30 in the Annual Report for the financial year 2020. No deviations from the guidelines have taken place and no deviations have been made from the decision-making process that, according to the guidelines, is to be applied when determining remuneration. The report of the auditor regarding the SinterCast compliance with the guidelines will be available on the SinterCast website www.sintercast.com three weeks prior to the Annual General Meeting 2021 at the latest. No remuneration has been reclaimed.

Remuneration to the CEO

The remuneration to the CEO is distributed in accordance with the decision of the Compensation Committee and includes base salary, variable remuneration, other benefits and pension.

Table 1 – Total CEO remuneration in 2020 (kSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extra-ordinary items	4 Pension***	5 Total remuneration	6 Proportion of fixed and variable remuneration, %
	Base salary*	Other benefits**	One-year variable	Multi-year variable				
Steve Dawson (CEO)	4,005	219	405	252	-	973	5,854	Fixed 88.8% Variable 11.2%

* Includes holiday pay as well as school fees

** Refers mainly to life, long-term sickness and health insurance premiums

*** Refers to premium-defined pension provisions corresponding to 30 percent of the base salary and is reported as fixed remuneration in column

Application of Performance Criteria

The CEO participates in an annual and in a three-year cash-based incentive program, that all other employees also participate in.

The Board has established the incentive programmes to specifically motivate and recognise exceptional effort and exceptional results. The incentive programmes shall encourage and reward initiative, focus and speed in the completion of tasks and closure of new business opportunities. It is a further aim of the long-term incentive programme to motivate and retain the employees with the ultimate goals of providing stability and continuity, and continuously making SinterCast a better supplier for its customers and a better investment opportunity for its shareholders.

Table 2 – Performance of the CEO during the financial year 2020 (kSEK) – 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 b) actual award/remuneration outcome
Steve Dawson (CEO)	Revenue target	50%	a) 0% b) 0 kSEK
	Individual targets	50%	a) 70% b) 405 kSEK

The nil-outcome of the revenue target for 2020 is due to the Covid-19 challenges.

Table 2 describes the annual incentive program for 2020. In addition to the annual incentive program there is a three-year cash-based incentive program that expires at the end of the first half of 2022. This program provides a maximum amount corresponding to 30 percent of the outcome of the annual programs during the previous three-year period. The CEO is obliged to buy SinterCast shares of 50 percent of the net monetary reward. There shall be no award if the CEO leaves his position prior to conclusion of the programme.

Share Related Remuneration

SinterCast has no outstanding share related or share price related incentive programs.

Consultancy Fees for Board Members

During the financial year 2020, Board Member Jun Arimoto received a consultancy fee of 228 kSEK in accordance with a consultancy agreement approved by the Board of Directors regarding work that is not covered by customary board duties.

Comparative Information

Table 3 – Changes in remuneration and results over the last five reported financial years (kSEK)

Year 2020 is the first reported financial year and therefore no year over year development is available. The year over year development, over five years, will be reported and added annually as it becomes available.

	2020
CEO remuneration	5,854
Group operating Result	21,657
Average remuneration on a full-time equivalent basis of employees* of the parent company	664

* Excluding members of the group executive management