

Remuneration report 2020/2021

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 2020/2021. 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 (Payroll Expenses) on pages 72-74 in the annual report for the fiscal year 2020/2021. Information on the work of the remuneration committee during the fiscal year 2020/2021 is set out in the corporate governance report available on pages 42-56 in the annual report for the fiscal year 2020/2021.

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 74 in the annual report for the fiscal year 2020/2021.

Key developments during the fiscal year 2020/2021

The CEO summarizes the Company’s overall performance in his statement on pages 8-10 in the annual report for the fiscal year 2020/2021.

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. The total remuneration should be on market terms and competitive and relate to responsibility and authority. The total remuneration shall consist of the following components: fixed salary, any variable salary according to separate agreements, pension and other benefits.

The guidelines are found on pages 49-51 in the annual report for the fiscal year 2020/2021. The guidelines allow the Board of Directors to decide on derogation from these guidelines, in whole or in part, if in a specific case there is special cause and such a derogation is necessary to safeguard the Company’s long-term interests, including its sustainability, or to ensure the Company’s financial viability. Decisions to derogate from these guidelines shall be prepared by the Remuneration Committee and decided by the Board of Directors.

During the fiscal year 2020/2021, the Company has complied with the applicable remuneration guidelines, except for pension payment for the new CEO Anko van der Werff. The derogation allows the CEO to exchange pension premiums for the corresponding cash salary payment, provided that this is cost-neutral for SAS and that the restrictions on remuneration to management, which result from the European Commission’s decision to approve the recapitalization carried out in October 2020, are complied with. The restrictions entail, among other things, that the CEO’s fixed remuneration may not exceed the December 2019 salary level. The Remuneration Committee has recommended the Board of Directors to decide on the derogation from the remuneration guidelines and approve that the CEO exchange pension premiums as set out above. Against this background, and with regard to the importance of being able to offer the new CEO—who has previously been working abroad—a competitive total remuneration on market terms, the Board of Directors has considered that there is special cause to derogate from the guidelines and that the derogation is necessary to safeguard the Company’s long-term interests, including its sustainability.

No further derogations 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	4	5	6
	Base salary*	Other benefits**	One- year variable	Multi- year variable	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration ***
Anko van der Werff (CEO 15 Jul- 31 Oct)	3,759	145	0	0	0	1,398	5,302	100/0
Karl Sandlund (acting CEO 1 May- 14 Jul)	1,681	1	0	0	0	554	2,236	100/0
Rikard Gustafson (CEO 1 Nov- 30 Apr)	6,665	89	0	0	0	2,712	9,466	100/0

* Including holiday pay of kSEK 62 to Anko van der Werff, kSEK 27 to Karl Sandlund and kSEK 109 to Rikard Gustafson.

** Travel benefits, health insurance, relocation 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 2020/2021 not received any variable remuneration and no performance criteria have been applied during the fiscal year 2020/2021 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. As for 2021, no long-term incentive program was introduced.

Comparative information on the change of remuneration and company performance

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

Annual change	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	RFY 20/21
Remuneration to CEO	+611 (+3.9%)	+1,577 (+9.8 %)	+177 (+1.0 %)	-908 (-5.1 %)	16,994***
Group operating profit before tax and items affecting comparability	+182,995 (+9.4)	-1,348,416 (-63.2 %)	-9,351,245 (-1,189.4 %)	+ 2,182,631 (+25,5 %)	-6,382,427
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 %)	+83.5 (+11.5 %)	812

* Excluding members of the group executive management.

** Reduced salary compared to the previous year as a result of temporary layoffs during fiscal year 2019/2020.

*** Remuneration to the CEO during the fiscal year 2020/2021 includes Rikard Gustafson 1 Nov – 30 Apr, Karl Sandlund 1 May – 14 Jul and Anko van der Werff 15 Jul – 31 Oct. For previous financial years, remuneration is disclosed for the then CEO.