

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Bergs Timber AB (publ), adopted by the annual general meeting 2021, were implemented in 2021. The report also provides information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes*.

Further information on executive remuneration is available in note 6 (Employees and personnel costs) on pages 72-73 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 44-50 in the annual report 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 6 on page 73 in the annual report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on page 7 in the annual report 2021 and is also summarized in the directors' report on pages 51-54 in the annual report 2021.

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 may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

The guidelines are found on pages 54 in the annual report 2021. 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.bergstimber.com. No remuneration has been reclaimed.

Total CEO remuneration in 2021

The table discloses the total remuneration to the CEO in 2021:

<i>Amounts in SEK</i>	Fixed salary¹	Other benefits²	Variable remuneration³	Pension expense⁴	Total remuneration	Proportion fixed/variable remuneration, %
Peter Nilsson	3,719,619	160,133	2,700,000	1,138,658	7,718,410	65/35

- 1) Fixed salary comprises base salary and vacation pay, paid in 2021.
- 2) Car benefits, taxable mileage allowance, health insurance. The table shows benefits expensed in 2021.
- 3) Variable remuneration pertaining to financial year 2021. 1,012,500 SEK was paid 2021 and the remaining amount will be paid 2022.
- 4) The pension costs pertain to the costs for defined contribution pension plans that affected profit for 2021.

Application of performance criteria

The performance measures for the 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 criteria for the variable remuneration to the CEO for 2021 was EBITDA-margin. Variable remuneration was maximized to 75 percent of fixed base salary.

The variable remuneration to the CEO for 2021 is shown in the table below. Total actual variable remuneration was 100 percent of maximal variable remuneration for 2021.

	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) Actual remuneration outcome
Peter Nilsson	EBITDA-margin	100%	a) 16.5% in margin b) 2,700 SEK 000s

Comparative information on the change of remuneration and company performance

Changes in remuneration and the company's earnings from the previous financial year are shown in the table. In light of several changes in the Group's structure and the reorganization and extension of financial years, a comparison over the past five years is not meaningful.

	2021 vs 2020	2020 vs 2019
Remuneration to the CEO	+30%	+15%
Operating profit for the Group ¹	+137%	+88%
Average remuneration on a full time equivalent basis of employees of the Group ²	+3%	+4%

1) Continuing operations in 2020.

2) Current and previous members of the executive management are excluded. The comparison is based on employees in the Swedish group companies.

Vimmerby in March 2022

Board of directors
Bergs Timber AB (publ)