

SinterCast Remuneration Report 2021

This report describes how the guidelines for remuneration of senior executives of SinterCast Aktiebolag ("SinterCast"), adopted by the 2021 Annual General Meeting, have been implemented in 2021 and contains information on remuneration for 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 of senior executives is available in Note 5 (Salaries and Remuneration) on pages 52-53 in the Annual Report for the financial year 2021. Information on the work of the Compensation Committee in 2021 is set out in the Corporate Governance Report available on pages 24-31 of the Annual Report for the financial year 2021.

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 2021.

Developments During 2021

The CEO summarised the challenges and achievements of the past year in his report on pages 3-4 in the Annual Report for the financial year 2021.

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 28-29 in the Annual Report for the financial year 2021. 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 2022 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 2021 (kSEK)

	1		2		3	4	5	6
	Fixed remuneration		Variable remuneration					
	Base salary*	Other benefits**	One-year variable	Multi-year variable	Extra-ordinary items	Pension***	Total remuneration	Proportion of fixed and variable remuneration, %
Steve Dawson (CEO)	4,276	227	327	109	-	1,003	5,942	Fixed 92.7% Variable 7.3%

* 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 base salary and is reported as fixed remuneration in column 6

Application of Performance Criteria

The CEO participates in an annual and in a three-year cash-based incentive programme, that all other employees also participate in. During 2021, the Board decided that the 2019-2021 three-year cash-based incentive programme payable in mid-2022 shall be succeeded by a similar 2022-2024 three-year cash-based incentive programme payable in mid-2025.

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 2021 (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)	Corporate revenue target	50%	a) 55% b) 197 kSEK
	Individual targets	50%	a) 90% b) 321 kSEK

* The performance is evaluated after the book closing date. The actual numbers included in the annual accounts is based on estimates as presented in Table 1. These numbers deviate from the presented numbers in Table 2, based on the Board's decision taken after the book closing date.

Table 2 describes the annual incentive programme for 2021. In addition to the annual incentive programme there is a three-year cash-based incentive programme for the years 2019-2021 that is payable in 2022, provided that the CEO has not given notice prior to 1 August 2022. This programme provides a maximum amount corresponding to 30 percent of the outcome of the annual programmes during the previous three-year period. The CEO is obliged to buy SinterCast shares with 50 percent of the net monetary reward.

Share Related Remuneration

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

Consultancy Fees for Board Members

During 2021, Board Member Jun Arimoto, Director of the UK registered company Year & YJ Links Limited, conducted consultancy work on behalf of SinterCast. Year & YJ Links Limited received a consultancy fee of GBP 12,500 plus travel allowance of GBP 5,994. The work and the compensation are in accordance with a consultancy agreement approved by the Board of Directors regarding work that is not covered by customary board duties, specifically, for market development activities in Japan.

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.

	2021 vs 2020	2021	2020
CEO remuneration	+88 (1,5 %)	5 942	5 854
Group operating Result	9 822 (45,4%)	31 479	21 657
Average remuneration on a full-time equivalent basis of employees of the parent company*	86 (15 %)	659	573

* Excluding members of the group executive management