

Remuneration Report 2022

SinterCast Remuneration Report 2022

This report describes how the guidelines for remuneration of senior executives of SinterCast Aktiebolag ("SinterCast"), adopted by the 2022 Annual General Meeting, have been implemented in 2022 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 2022.

Further information on remuneration of senior executives is available in Note 5 (Salaries and Remuneration) on pages 63-64 in the Annual Report for the financial year 2022. Information on the work of the Remuneration Committee in 2022 is set out in the Corporate Governance Report available on pages 35-43 of the Annual Report for the financial year 2022. 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 63-64 in the Annual Report for the financial year 2022.

Developments During 2022

The CEO summarised the market development of the past year in his report on pages 8-11 in the Annual Report for the financial year 2022.

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 39-40 in the Annual Report for the financial year 2022. No deviations from the guidelines have taken place and no deviations have been made from the decision-making process that, according to the guidelines, are 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 2023, 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 Remuneration Committee and includes base salary, variable remuneration, other benefits and pension. Table 1 includes the estimated costs for the annual incentive programme for 2022 plus provisions for the 2022-2024 and the 2019-2021 three-year long-term incentive programmes.

Table 1 – Total CEO remuneration expensed in 2022 (kSEK)

	Fixed remuneration		Variable remuneration			Pension***	Total remuneration	Proportion of fixed and variable remuneration, %
	Base salary*	Other benefits**	One-year variable	Multi-year variable	Extra-ordinary items			
Steve Dawson (CEO)	4,015	710	1,129	437	-	1,118	7,408	Fixed 73.3% Variable 26.7%

* Includes holiday pay

** Refers mainly to life, long-term sickness and health insurance premiums, school fees and car allowance

*** Refers to premium-defined pension provisions corresponding to 30 percent of base salary and is reported as fixed remuneration in column 6

Application of Incentive Programme Performance Criteria

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.

The CEO participates in an annual and in a three-year cash-based incentive programme, similar to all other employees. During 2022, the Board decided that the company's 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 CEO participates in the programmes provided that the CEO is still employed by the company on 1 August 2025. This programme provides a maximum amount corresponding to 33 percent of the outcome of the annual programme during 2022 and 40% during 2023 and 2024. The CEO is obliged to buy SinterCast shares with 50 percent of the net monetary reward, and to hold the shares for at least 12 months.

Table 2 – Performance of the CEO during the financial year 2022 (kSEK) – variable cash remuneration (includes both the 2022 annual incentive programme and the 2022-2024 long-term incentive programme)

Name of director (position)	1	2	3
Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) actual award/remuneration outcome*	
Steve Dawson (CEO)	Corporate revenue target	50%	a) 98% b) 617 kSEK
	Individual targets	50%	a) 40% b) 504 kSEK
	2022-2024 long-term incentive programme	33% of Annual programme	374 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 and exchange rate on the book closing date. The CEO participates in the 2022-2024 long-term incentive programme corresponding to 33 percent of the outcome of the annual programme during 2022.

Share Related Remuneration

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

Consultancy Fees for Board Members

During the financial year 2022, Board Member Jun Arimoto received a consultancy fee of GBP 5,000 and travel allowance of GBP 6,126 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.

Table 3 – Comparable information - 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 prior to 2020.

	2022 vs 2021*	2022	2021	2020
CEO remuneration, excluding incentive programme	+336 (6%)	5,842	5,506	4,927
CEO remuneration, including incentive programme	+1,466 (25%)	7,408	5,942	5,854
Group operating Result	-888 (-2.9%)	30,591	31,479	21,657
Average remuneration on a full-time equivalent basis of employees of the parent company**	21 (3.2%)	680	659	573

* CEO remuneration comparison includes 5.6% increase in SEK to GBP exchange rate

** Excluding members of the group senior management

April 2023
SinterCast Aktiebolag
Board of Directors