

# Electrolux Professional remuneration report 2021

## Introduction

This report describes how the guidelines for executive remuneration of Electrolux Professional AB, adopted by the Annual General Meeting 2020, were implemented in 2021. The report also provides information on remuneration for the President and CEO. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 26 (Employees and personnel costs) on pages 144-148 of the 2021 Annual Report. Information on the work of the Remuneration Committee in 2021 is set out in the corporate governance report available on pages 76-77 of the 2021 Annual Report.

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 26 on page 145-146 of the 2021 Annual Report.

## Key Developments in 2021

The President and CEO summarizes the company's overall performance in his statement on pages 4-5 of the 2021 Annual Report.

## Group remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the Group's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Group can recruit and retain qualified personnel. To this end, the Group must offer competitive remuneration in relation to the country or region of employment of each Executive Management member. The Group'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 compensation, variable compensation, pension benefits, and other benefits.

Variable compensation consists of both short-term and long-term cash incentives.

The guidelines are found in the administration report on pages 96-98 of the 2021 Annual Report. During 2021, the Group has complied with the applicable remuneration guidelines adopted by the Annual 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 Group's compliance with the guidelines is available on [www.electroluxprofessional.com/corporate](http://www.electroluxprofessional.com/corporate). No remuneration has been reclaimed.

## Variable short-term cash compensation

The short-term variable compensation for the President and CEO is based on fixed financial targets on a Group level. It is earned over a period of one year (2021) and can give a maximum of 100% of the annual base salary (as presented in table 2(a)).

## Variable long-term share program (LTI 2021)

The company implemented a performance based long-term share incentive program in 2021 (LTI2021) for senior managers and key employees, including the President and CEO. Participants are offered an allocation of Performance Shares, provided that the participant remains employed until January 1, 2024. The maximum performance value for the President and CEO was 100 per cent of the participant's annual base salary for 2021, equivalent to 102 457 shares.

The maximum value was converted into a maximum number of Performance Shares, based on the Volume Weighted Average Price (VWAP), paid for Electrolux Professional B shares on Nasdaq Stockholm during a period of 20 trading days before the day the participants are invited to participate in the program.

The calculation of the number of Performance Shares was connected to performance targets for the Group established by the Board for (i) earnings per share and (ii) operating cash flow after investments. The performance tar-

Table 1 – Total remuneration of the President and CEO in 2021 (kSEK)<sup>1</sup>

kSEK	Fixed compensation		Variable compensation		Extraordinary items	Pension expense <sup>5</sup>	Total remuneration	Proportion of fixed and variable remuneration
	Fixed cash compensation <sup>2</sup>	Other benefits <sup>3</sup>	One-year variable	Multi-year variable <sup>4</sup>				
<b>Alberto Zanata</b> (President and CEO)	5,566	318	4,912	1,197	-	460	12,453	51%/49%

- 1) Except for Multi-year variable compensation, the table reports remuneration earned in 2021 (irrespective of whether payments have been made the same year). Multi-year variable compensation is reported if vested in 2021 (settlement in Q1 the following year). In 2021 no multi-year variable compensation has been vested.
- 2) The annual fixed salary includes annual base salary, vacation salary, paid vacation days and fixed non-compete components.
- 3) Company car and medical insurance.
- 4) Recognized cost of long-term incentive awards. The 2021 long-term incentive program currently running, vests in 2024.
- 5) Pension expense, consisting of defined contributions according to collective bargaining agreement entitlements, has been counted entirely as fixed remuneration.

gets adopted by the Board will stipulate a minimum level and a maximum level, with the relative weight of the performance targets (i) and (ii) being 60 per cent and 40 per cent respectively.

The performance period is the 2021 financial year. If both performance conditions in the 2021 Share Program are met, allocation of Performance Shares will take place in the first half of 2024. Allocation will be free of charge except for tax liabilities.

In 2021, the maximum levels of the two performance targets were reached which means that 100% of granted awards under the LTI2021 program will be paid out after the end of the vesting period in 2024.

#### Application of performance criteria

The performance measures for the President and CEO's variable compensation have been defined to deliver the Group's strategy and to encour-

age behavior which is in the long-term interest of the Group. In the definition of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account.

Set out in Tables 2(a) and 2(b) below are descriptions of how the performance measures for payment of variable short-term and long-term compensation have been applied during the financial year.

**Table 2(a) – Performance of the President and CEO in the reported financial year: variable short-term cash compensation**

	Description of the performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) Actual award/remuneration outcome
Alberto Zanata (President and CEO)	EBITA Growth (%) <sup>1</sup>	55%	a) 38% b) 2,916 kSEK
	Net Sales Growth (%) <sup>2</sup>	15%	a) 10.6% b) 608 kSEK
	Operating Working Capital (%) <sup>3</sup>	20%	a) 15% b) 1,061 kSEK
	Customer Care Net Sales Growth (%)	10%	a) 13.3% b) 327 kSEK

1) Year on year EBITA value growth %, adjusted to average rate 2021 in mSEK. EBITA = EBIT (absolute) plus amortization. Effects of 2021 acquisitions and divestments excluded.

2) Year on year External Net Sales growth (%), adjusted to average rate 2021 in mSEK. Effects of 2021 acquisitions and divestments excluded.

3) Operating Working Capital (OWC) % = OWC (excluding factoring contribution) divided by External Net Sales. OWC: 12 months average OWC (Acc. Receivables excluding factoring contribution+Inventory+Acc. Payable) adjusted to average rate 2021. External Net Sales: 12 months External Net sales adjusted to average rate 2021. Effects of 2021 acquisitions and divestments excluded.

**Table 2(b) – Performance of the President and CEO in the reported financial year: variable long-term cash compensation**

	Name of plan (Performance period/ vesting date)	Description of the performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) Actual award/remuneration outcome
Alberto Zanata (President and CEO)	LTI2021	Earnings per share <sup>1</sup>	60%	a) 1.69 SEK b) 61 474 shares <sup>3</sup>
		Operating cash flow after investments <sup>2</sup>	40%	a) 1 116 mSEK b) 40 983 shares <sup>3</sup>

1) Income for the period (attributable to equity holders of Electrolux Professional) shall be divided by the weighted average number of basic shares outstanding during the period.

2) Cash flow from operations and investments shall be adjusted for financial items paid, taxes paid and, acquisitions/divestments of operations.

3) Shares will vest after January 1, 2024 subject to continued employment.

**Table 3 – Remuneration and company performance for the financial years 2021-2020<sup>1</sup>**

	2021	2020
President and CEO Remuneration (kSEK) <sup>2</sup>	12,453	6,163
EBITA (mSEK)	665	533
Average remuneration on a full-time equivalent basis of employees of the parent company, Electrolux Professional AB (kSEK) <sup>3</sup>	489	509

1) Electrolux Professional AB was listed on the NASDAQ Stockholm on March 23, 2020 and consequently comparative information for previous financial years is not provided.

2) The increase in 2021 compared to 2020 is due to close to maximum outcome for 2021 incentive programs and zero outcome for 2020 programs.

3) Total remuneration, excluding Board members and members of the Group Executive Management Team, of Electrolux Professional AB.