
Remuneration report 2020

Introduction

This report describes how the guidelines for remuneration of senior management of CellaVision AB (publ) (hereinafter “**CellaVision**”), adopted by the annual general meeting 2020, were implemented during the fiscal year 2020. The report also provides information on remuneration to the CEO and a summary of CellaVision’s outstanding and during the year concluded share or share price related incentive programs. 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 senior management remuneration is available in note B6 (Remuneration to senior management) on pages 69–70 in the annual report for the fiscal year 2020. Information on the work of the remuneration committee during the fiscal year 2020 is set out in the corporate governance report available on page 43 in the annual report for the fiscal year 2020.

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 B6 on page 69 in the annual report for the fiscal year 2020.

Key developments during the fiscal year 2020

The CEO summarizes CellaVision’s overall performance in his statement on page 6 in the annual report for the fiscal year 2020.

CellaVision’s remuneration guidelines: scope, purpose and deviations

Successful implementation of CellaVision’s business strategy and safeguarding CellaVision’s long-term interests, including its sustainability, requires CellaVision to recruit and retain highly qualified employees, including senior management. In order to do so, CellaVision must offer competitive total remuneration, which is made possible through the guidelines for remuneration. According to the guidelines, remuneration to senior management should be on market terms and may consist of fixed salary, benefits in kind, variable remuneration and pension. The variable remuneration shall be linked to pre-determined and measurable criteria with the purpose of advancing CellaVision’s long term value creation, business strategy and long-term interests, including sustainability. The variable remuneration shall be based on the fulfilment of individual objectives as determined by the Board of Directors based on proposals from the remuneration committee. For the CEO, such objectives should be connected to CellaVision’s general targets, including earnings, turnover and/or cash flow. For other members of the senior management, the variable remuneration shall be based on corresponding objectives and targets within the members area of responsibility. The measurement period for the criteria connected to variable remuneration shall be one year.

The guidelines are found on pages 44–45 in the annual report for the fiscal year 2020. During the fiscal year 2020, CellaVision has complied with the applicable 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 CellaVision's compliance with the guidelines is available on CellaVision's website www.cellavision.com/en/for-investors/corporate-governance/annual-general-meetings. No remuneration has been paid from any other affiliate than CellaVision to CellaVision's senior management. No remuneration has been reclaimed. CellaVision does not have any share or share price related incentive program.

Table 1 – Total CEO remuneration during the fiscal year 2020 (kSEK)

	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration***
	Base salary	Other benefits	One-year variable	Multi-year variable				
Zlatko Rihter (CEO)*	2,768	0	0	0	0	785	3,553	100/0
Magnus Blixt (CFO and interim CEO)**	50	0	0	0	0	15	65	100/0

* Zlatko Rihter resigned as CellaVision's CEO on 28 November 2020.

** Magnus Blixt is the interim CEO of CellaVision from and including 29 November 2020 with an increased remuneration of 50 kSEK per month starting 1 December 2020.

*** Pension expense (column 4), which in its entirety relates to base salary and is premium defined, has been counted entirely as fixed remuneration.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realize CellaVision's strategy and to encourage actions in line with CellaVision's long-term interest. The strategic objectives and short- and long-term business priorities for 2020 have been taken into account when choosing the performance criteria. The non-financial performance criteria contribute to the adaption to sustainability and CellaVision's values.

CellaVision has an incentive program for senior management consisting of a long-term program related to the development of the earnings per share and a yearly individual program. The remuneration cannot exceed 60 percent of the yearly base salary for the CEO, of which one half goes into the yearly individual program and the second half goes to the program related to earnings per share, with a possibility of doubling if the growth in earnings per share exceeds 15 percent per year over a three-year period. The financial goals were not achieved for the fiscal year 2020 why no variable remuneration was paid to Zlatko Rihter. Magnus Blixt has not, as interim CEO, been a part of the program.

Comparative information regarding changes in remuneration and CellaVision's result

Table 2 – Change of remuneration and company performance over the last five reported financial years (kSEK)

	2015 compared to 2016	2016 compared to 2017	2017 compared to 2018	2018 compared to 2019	2019 compared to 2020	2020
Remuneration to the CEO	+624 (+32 %)	+862 (+33 %)	+361 (+10 %)	+640 (+17 %)	-1,643 (-37 %)	2,818
Group operating profit	+8,698 (+13 %)	+16,724 (+23 %)	+20,715 (+23 %)	+14,969 (+13 %)	-16,303 (-13 %)	110,273
Average remuneration on a full time equivalent basis of employees* of CellaVision	+8 (+1 %)	+37 (+6 %)	-36 (-5 %)	-24 (-4 %)	-17 (-17 %)	497

* Excluding the CEO