

Remuneration report 2023

Introduction

This remuneration report provides an outline of how the guidelines for the remuneration of senior executives of Coor Service Management Holding AB's (Corp. ID No. 556742-0806) ("Coor") (the "remuneration guidelines"), adopted by the 2022 Annual General Meeting, have been implemented during 2023. The report also provides details on the remuneration of Coor's CEO. In addition, the report contains a summary of Coor's share- and share price-based incentive programmes outstanding. The report has been prepared in compliance with the Swedish Companies Act (2005:551) and *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Information required by Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act (1995:1554) is available in Notes 5 and 6 on pages 92–98 in the company's annual report for 2023 (the "2023 Annual Report").

Information on the work of the Remuneration Committee in 2023 is set out in the Corporate Governance Report, which is available on pages 52–69 of the 2023 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 6 on page 96 of the 2023 Annual Report.

Key developments 2023

The CEO summarises Coor's overall performance in 2023 in her statement on pages 6–9 of the 2023 Annual Report.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of Coor's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that Coor offers competitive total remuneration, which the remuneration guidelines enable. The total remuneration shall be competitive, in line with market levels and reflect the individual's performance and responsibility, and with regard to any long-term variable remuneration, the value growth of the Coor share that accrues to the shareholders. Variable cash remuneration covered by the remuneration guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

Under Coor's remuneration guidelines, the remuneration to senior executives shall consist of fixed salary, any variable remuneration, pension and other benefits. The remuneration guidelines are found on pages 96–97 of the 2023 Annual Report. During 2023, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the remuneration guidelines have been decided and no derogations from the procedure for implementation of the remuneration guidelines have been made. The auditor's opinion on whether the company has complied with the guidelines is available on the company's website: www.coor.com. No remuneration has been reclaimed.

In addition to remuneration covered by the remuneration guidelines, Coor's Annual General Meeting has resolved to implement long-term share-based incentive programmes for the CEO and other senior executives, implemented in the company during 2021, 2022 and 2023 (LTIP 2021, LTIP 2022 and LTIP 2023). The outcomes of these programmes do not qualify for pension benefits. The long-term share-based incentive programme proposed by the Board of Directors to the 2024 Annual General Meeting and any future share-based incentive programmes to be approved by the general meetings are not subject to the guidelines.

Table 1 – Total remuneration of the CEO (SEK)

Table 1 below sets out total remuneration paid to Coor's CEO during 2023.

Name of senior executive, position (start/end)	Financial year	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration ^E
		Base salary	Other benefits	One-year variable ^C	Multi-year variable ^D				
AnnaCarin Grandin (CEO)	2023	7,875,205 ^A	87,519 ^B	2,387,229	0	0	2,147,131 ^E	12,497,084	81% / 19%

Except for multi-year variable remuneration, the table reports remuneration earned in 2023. Multi-year variable remuneration is reported if vested in 2023, as set out in column 8 of Table 2 below (as applicable). This applies irrespective of whether or not any payments have been disbursed in the same year.

^A Including paid holiday pay but excluding increase/decrease of holiday pay liability.

^B Company car and health insurance.

^C One-year variable refers to variable remuneration related to the 2023 financial year, paid out the following year.

^D Vested share rights as set out in column 8 of Table 2 below.

^E Pension expense in 2023 (column 4), which in its entirety relates to base salary and is premium-defined, has been reported entirely as fixed remuneration.

Share-based remuneration

Share- and share price-based incentive programmes outstanding and completed during the year

Coor's Annual General Meeting has adopted five long-term incentive programmes (LTIPs), of which three are currently outstanding (LTIP 2021, LTIP 2022 and LTIP 2023). The incentive programmes cover a period of three years and require that participants acquire or already hold a certain number of Coor shares, known as investment shares. The participants are divided into three different categories (Category 1, 2 and 3)¹, for each of which a maximum number of shares has been defined beforehand. Performance shares are awarded free of charge after the vesting period. The number of shares awarded varies among the different categories of participants. The basic criteria for awarding performance shares are that the participant has remained an employee of the Coor Group during the vesting period and has continued to hold their Coor shares over that period. The vesting periods for the programmes outstanding will end in connection with the publication of Coor's interim reports for the first quarter of 2024 (LTIP 2021), 2025 (LTIP 2022) and 2026 (LTIP 2023), respectively.

Description of performance conditions for the long-term incentive programmes

In addition to the employment condition, the award of performance shares is based on a number of performance conditions. The award of share rights depends on the extent to

¹ Category 1 consists of Coor's CEO. Category 2 consists of members of Coor's Executive Management Team. Category 3 consists of members of the Top Management Team and other key employees of Coor.

which the defined goals and performance conditions have been met during the performance period concerned. The performance conditions for LTIP 2021, LTIP 2022 and LTIP 2023 are the same, although minimum and maximum levels vary concerning customer satisfaction index.

The performance conditions are divided into three series: Series A, Series B and Series C. See below for a description of the conditions for each series.

Series A: Change in customer satisfaction index

If Coor's average customer satisfaction score during the performance period is equal to or below the minimum level of 68², no shares will be awarded. If Coor's average customer satisfaction score is equal to or exceeds the maximum level of 72³, 100 per cent of the shares will be awarded. The percentage of shares awarded will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

Series B: Cumulative adjusted EBITA

If Coor's cumulative adjusted EBITA over the performance period is equal to or below the minimum level, defined as 10 per cent below the cumulative adjusted EBITA targeted in Coor's business plan for the three-year period commencing at the start of each programme, no shares will be awarded. If the percentage change in Coor's cumulative adjusted EBITA is equal to or exceeds the maximum level, defined as 10 per cent above the cumulative adjusted EBITA targeted in Coor's business plan, 100 per cent will be awarded. The percentage of shares awarded will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

Series C: Relative total shareholder return (TSR) growth

The awarding of shares varies depending on Coor's TSR growth relative to the weighted average of a group of other companies (the "Benchmark Group"). If Coor's cumulative TSR growth over the performance period is equal to or below the weighted average index for the Benchmark Group (the minimum level), no shares will be awarded. If Coor's cumulative TSR growth is equal to or exceeds the weighted average index for the Benchmark Group by more than 6 percentage points (the maximum level), 100 per cent will be awarded. The percentage of shares awarded will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

² 66 for LTIP 2021, 68 for LTIP 2022 and 68 for LTIP 2023.

³ 70 for LTIP 2021, 72 for LTIP 2022 and 72 for LTIP 2023.

Remuneration of the CEO in shares

Table 2 – Remuneration of the CEO in shares

Name of senior executive, position	Main terms and conditions of share-based incentive programmes					Information regarding the reported financial year					
						Opening balance	During the year		Closing balance		
	1 Specification of programme	2 Performance period	3 Award date	4 Vesting date	5 End of lock-in period	6 Share rights held at the beginning of the year	7 Awarded ^{A)}	8 Vested ^{B)}	9 Subject to performance conditions ^{C)}	10 Awarded and unvested at year end ^{D)}	11 Subject to lock-in period
AnnaCarin Grandin, CEO	LTIP 2021	2021–2023	31 May 2021	April/May 2024	April/May 2024	58,879	0	0	0	47,848	0
	LTIP 2022	2022–2024	7 June 2022	April/May 2025	April/May 2025	55,723	0	0	61,265	0	0
	LTIP 2023	2023–2025	25 Sep 2023	April/May 2026	April/May 2026	0	70,200	0	74,289	0	0
							3,299,400 (SEK)				
						TOTAL 114,603	TOTAL 70,200	TOTAL 0	TOTAL 135,554	TOTAL 47,848	TOTAL 0
							TOTAL 3,299,400 (SEK)	TOTAL 0 (SEK)			

^A Number and value of share rights awarded at award date. Stated value calculated as the market price per share at the time of award (SEK 47.00) multiplied by the number of share rights (70,200).

^B Number and value of share rights vested on the vesting date. The original number of share rights has been recalculated due to dividend compensation. Stated value calculated as the market price per share at vesting multiplied by the number of share rights.

^C Total share rights outstanding at the balance sheet date still subject to performance conditions. The original number of share rights (124,200) has been recalculated due to dividend compensation.

^D Total number of share rights awarded but unvested at the balance sheet date. The performance period ended on 31 December 2023. The original number of share rights (54,000) has been recalculated due to the outcome of the performance conditions in LTIP 2021, established on 31 December 2023, and due to dividend compensation.

Compliance with the remuneration guidelines and application of performance criteria

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 is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration, which the remuneration guidelines enable. The total remuneration to the CEO during 2023 complied with the company's remuneration guidelines.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to deliver on the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance criteria, the strategic objectives and short-term and long-term business priorities for 2023 were taken into account. The non-financial performance criteria further contribute to alignment with sustainability and the company's values.

Tables 3 (a) and (b) below describe how the criteria for payment of variable short- and long-term remuneration were applied during the financial year.

Table 3 (a) – Performance of the CEO in the reported financial year: variable cash remuneration

Name of senior executive	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) Actual award/remuneration outcome
AnnaCarin Grandin, CEO	<p>EBITA for the Coor Group, maximum outcome 24 per cent of base salary.</p> <p>EBITA budget for 2023 is MSEK 630. Bonus is payable if adjusted EBITA exceeds the threshold of 85 per cent of the adjusted EBITA budget and maximum bonus is payable if adjusted EBITA is 115 per cent of the Adjusted EBITA budget. Between the threshold and the maximum, the bonus is calculated linearly.</p>	40%	<p>a) SEK 606 million b) SEK 662 thousand</p>
	<p>New business for the Coor Group, maximum outcome 4.5 per cent of base salary.</p> <p>Bonus is payable at SEK 765 per SEK million in annual sales for organic business. Bonus is payable if new business (including 1/3 of applicable M&A) exceeds the threshold of 0 per cent of the new business budget and maximum bonus is payable if new business is 115 per cent of the new business budget. Bonus is payable pro-rata between the threshold and maximum.</p>	7.5%	<p>a) SEK 961 million b) SEK 335 thousand</p>
	<p>Retention rate, maximum outcome 1.5 per cent of base salary.</p> <p>Retention rate budget is 90 per cent. Bonus is payable if the retention rate for the Group exceeds the threshold of 80 per cent and maximum bonus is payable if the retention rate is 100 per cent. Bonus is payable pro-rata between the threshold and maximum.</p>	2.5%	<p>a) 62% b) 0</p>
	<p>The cash conversion external target is 90 per cent, maximum outcome 6 per cent of base salary.</p> <p>Bonus is payable if the Group's cash conversion exceeds the threshold of 80 per cent and maximum bonus is payable if cash conversion is 100 per cent. Bonus is payable pro-rata between the threshold and maximum.</p>	10%	<p>a) 86% b) SEK 134 thousand</p>
	<p>The CSI external target is ≥ 70, maximum outcome 6 per cent of base salary.</p> <p>Bonus is payable if CSI exceeds the threshold of -5 points of the external target and maximum bonus is payable if CSI is +5 points of the CSI external target. Bonus is payable pro-rata between the threshold and maximum.</p>	10%	<p>a) 71 b) SEK 268 thousand</p>
	<p>The EMI external target is ≥ 70, maximum outcome 6 per cent of base salary.</p> <p>Bonus is payable if EMI exceeds the threshold of -5 points of the external target and maximum bonus is payable if EMI is +5 points of the EMI external target. Bonus is payable pro-rata between the threshold and maximum.</p>	10%	<p>a) 76 b) SEK 447 thousand</p>
	<p>The TRIF external target is ≤ 3.5, maximum outcome 6 per cent of base salary.</p> <p>Bonus is payable if TRIF is less than the threshold of +3.5 points of the external target and maximum bonus is payable if TRIF is -3.5 points of the TRIF external target. Bonus is payable pro-rata between the threshold and maximum.</p>	10%	<p>a) 5.5 b) SEK 94 thousand</p>
	<p>Scope 3 target, maximum outcome 6 per cent of base salary.</p> <p>The goal is to ensure that at least 3 per cent of the company's Scope 3 emissions come from purchases of goods and services, upstream transportation and distribution from suppliers with targets approved by the SBTi. Bonus is payable if the share of purchases from suppliers with SBTi-approved targets exceeds the threshold of 1 per cent and maximum bonus is payable if the share exceeds 5 per cent. Bonus is payable pro-rata between the threshold and maximum.</p>	10%	<p>a) 18% b) SEK 447 thousand</p>

Table 3 (b) – Performance of the CEO in the reported financial year: share-based remuneration

There are currently three programmes outstanding (LTIP 2021, LTIP 2022 and LTIP 2023) in which the Group CEO participates. The vesting periods for the programmes outstanding will end in connection with the publication of Coor’s interim reports for the first quarter of 2024 (LTIP 2021), 2025 (LTIP 2022) and 2026 (LTIP 2023), respectively. The measurement periods for these programmes end on 31 December 2023, 31 December 2024 and 31 December 2025, respectively.

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last three reported financial years (SEK thousand)

Annual change	2021 vs 2020	2022 vs 2021	2023 vs 2022	Remuneration for 2023
AnnaCarin Grandin, CEO*	+SEK 2,685 thousand (+25%)	+SEK 31 thousand (0%)	-SEK 769 thousand (-6%)	SEK 12,497 thousand
Group operating profit (Adjusted EBITA)	+SEK 74,169 thousand (+13%)	+SEK 3,469 thousand (+1%)	-SEK 28,473 thousand (-4%)	SEK 605,572 thousand
Average remuneration based on full-time equivalent employees** of the parent company, i.e., Coor Service Management Holding AB	N/A	N/A	N/A	N/A
Average remuneration based on full-time equivalent employees** of Coor Service Management Group AB	+SEK 10 thousand (+1.4%)	+SEK 1 thousand (+0.1%)	+SEK 16 thousand (+2.2%)	SEK 749.4 thousand

* The figures presented include total remuneration for the CEO as reported in Table 1. AnnaCarin Grandin has served as Group CEO since 1 August 2020. Remuneration reported in Table 4 for the 2020 financial year has been recalculated to reflect the full reported financial year for 2020. Remuneration for 2021 and 2020 is the difference between AnnaCarin Grandin’s recalculated remuneration for 2020 and the remuneration for 2021. Due to the pandemic, no LTIP programme was offered in 2020 and thus no shares were awarded in 2023, which affects the total remuneration of the CEO in 2023.

** Excluding members of executive management. Comparison is based on employees in Coor Service Management Group AB, since only members of executive management are employed in Coor Service Management Holding AB. The remuneration is based on average salary for FTEs and includes base salary and holiday pay. Variable remuneration and pensions are excluded.