

## Remuneration report 2021

### *Introduction*

This report describes how the guidelines for executive remuneration of SSAB AB, adopted by the annual general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO. 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 executive remuneration is available in note 2 on pages 162-163 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on page 101 in the annual report 2021.

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 2 on page 161 in the annual report 2021.

### *Key developments 2021*

The CEO summarizes the company's overall performance in his statement on pages 10-11 in the annual report 2021.

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

SSAB's business strategy aims to establish the company as an industry leader in terms of both profitability and sustainability among comparable companies. SSAB's stated objective is to become the safest steel company in the world to work in, and shall in addition adhere to high environmental standards and be a responsible partner to all stakeholders. A more detailed description of the business strategy can be found on the company's website.

A prerequisite for a successful implementation of the company's strategy and the safeguarding of the company's long-term interests require that the company can recruit and retain qualified employees. For this, the company must be able to offer competitive remuneration. The company's remuneration guidelines are intended to offer senior executives a competitive total remuneration, which in turn promotes the company's business strategy, long-term interests and sustainability. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components, fixed cash salary, variable cash remuneration consisting of a short-term variable component ("STI") and a long-term variable component ("LTI"), pension benefits and other benefits.

The guidelines are found on pages 123-125 in the annual report 2021. During 2021, the company has complied with the applicable remuneration 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 the company's compliance with the guidelines is available on <https://www.ssab.com/company/investors/corporate-governance/remuneration-policy>.

No remuneration has been reclaimed.

**Table 1 Total CEO Remuneration in 2021 (kSEK)\***

	Fixed salary**	Other benefits***	Short-term variable salary (STI)	Long-term variable salary (LTI)	Extraordinary items	Pension expenses****	Total remuneration	Proportion of fixed and variable remuneration
Martin Lindqvist (CEO)	12 880	425	4 932	2 120	0	5 758	26 115	73%/ 27%

\* The table reports remuneration earned in 2021 (different to the annual report where remuneration paid in 2021 is reported). LTI is reported for performance years 2019-2021, (to be paid in 2022).

\*\* Including holiday pay (kSEK 175), cost compensation in respect of company residence (kSEK 299).

\*\*\* Relates primarily to housing-, car and gasoline benefits.

\*\*\*\* Pension expense is its entirety related to fixed salary and is premium defined. For this reason pension has been included as fixed remuneration in the table's statement on proportion of fixed and variable remuneration.

## **STI remuneration for the CEO and outcome for 2021**

The STI program has been measured during full year 2021 and is capped at 75 percent of the fixed salary 2021. The criteria for the CEO's STI consist of group objectives and of an individual objective, where the group objectives account for 85 percent of the STI and the individual objective accounts for 15 percent of the STI.

There are three group objectives; 1/ EBITDA margin relative to other comparable steel companies (Arcelor Mittal, Nucor, Salzgitter, ThyssenKrupp, US Steel and Tata Steel Europe), 2/ Ratio between Net Operating Working Capital divided by Sales (NOWC/Sales) shall be below a certain level and 3/ A sustainability objective measuring the reduction of accident frequency with lost time which led to absence of more than one day (LTIF), compared with 2020. The CEO's individual objective outcome is based on the average of direct reports unit objectives achievement.

The STI criteria have been designed to contribute to the company's business strategy and long-term interests, including its sustainability, by being clearly linked to the business strategy and increased value creation for the company.

A prerequisite for STI payment is EBIT profitability at Group level. This threshold was reached for 2021 and the STI outcome is distributed as follows. The EBITDA margin relative to other comparable steel companies ranked SSAB in 4<sup>th</sup> place, which does not reach the threshold and thus gives no payout. The NOWC/Sales objective gave a result of 17,5 percent, which exceeds the threshold with a maximum payout. The long term injury frequency decreased by 54 percent in 2021 compared with 2020, which is an above threshold achievement with a maximum payout.

For further details on the STI remuneration for the CEO, see table 2(a).

## **LTI Remuneration for the CEO and outcome for 2021**

The LTI program is cash-based and has been measured over a period of three years (2019-2021). Outcome is capped to maximum 25 percent of the fixed salary as per December 31, 2018. The CEO's LTI is to 50 percent linked to the total return on the SSAB share (TSR) compared with a comparison group comprising of the company's competitors (Arcelor Mittal, Nucor, Salzgitter, ThyssenKrupp and US Steel) and to 50 percent linked to return on capital employed (ROCE).

The objectives of LTI are to create a common interest for the company management and shareholders

to drive the business towards long-term good return on the SSAB-shares and to promote the company's ability to recruit and retain key employees.

Regarding the target linked to the total return on the SSAB share, SSAB ended up in second place, with a TSR development of 39.4 percent during the three-year period, which corresponds to an outcome of 85 percent. The return on capital employed (ROCE) amounted to 11 percent during the three-year period, which corresponds to an outcome of 75 percent.

For further details on the LTI remuneration for the CEO, see table 2(b).

## Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior 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 2021 have been taken into account. The non-financial performance criteria further contribute to alignment with sustainability as well as the company values.

**Table 2(a) - CEO objectives and outcome in the reported financial year: variable STI remuneration**

	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance
			b) Fulfillment of performance criteria*
			c) Actual award/ remuneration outcome
Martin Lindqvist (CEO)	EBITDA margin compared to peers 2021	42,5%	a) 4th place b) 0 % c) SEK 0
	Net Operation Working Capital (NOWC) divided by Sales 2021	29,75%	a) 17,5 % b) 100% c) SEK 2 768 133
	Safety development 2021	12,75%	a) -54% b) 100% c) SEK 1 186 343
	Average of direct reports unit objectives achievement 2021	15,0%	a) 70% average of direct reports individual objectives achievement b) 70 % c) SEK 977 221

\* Percentage of stretch achievement, per performance criteria.

**Table 2(b) - CEO objectives and outcome in the reported financial year: variable LTI remuneration**

	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance
			b) Fulfillment of performance criteria*
			c) Actual award/ remuneration outcome
Martin Lindqvist (CEO)	TSR compared to peers 2019-2021	50%	a) 2nd place b) 85% c) SEK 1 126 250
	ROCE 2019-2021	50%	a) 11% b) 75% c) SEK 993 750

\* Percentage of stretch achievement, per performance criteria.

## Share-based remuneration

SSAB had no share-based remuneration programs in 2021.

## *Information on remuneration and company performance*

***Table 3 – Remuneration and company performance in the reported financial year (kSEK)***

	2021	2020
CEO total remuneration	26 115	18 658
EBIT	18 837 000	-325 000
Average total remuneration on a full time equivalent basis of employees of the parent company*	1 080	1 008

\* Excluding members of the group executive committee