

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of SSAB AB, adopted by the annual general meeting 2022, were implemented in 2022. 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 B on pages 125-126 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on page 75 in the annual report 2022.

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 B on page 126 in the annual report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on pages 6-7 in the annual report 2022.

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 95-97 in the annual report 2022. During 2022, 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 2022 (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)	13 574	402	7 086	2 625	0	6 131	29 818	67% / 33%

* The table reports remuneration earned in 2022 (different to the annual report where remuneration paid in 2022 is reported). LTI is reported for performance years 2020-2022, (to be paid in 2023).

** Including holiday pay (kSEK 275), 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 2022

The STI program has been measured during full year 2022 and is capped at 75 percent of the fixed salary 2022. 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 that are measured against predetermined threshold levels; 1/ EBITDA margin versus other steel companies¹, 2/ Net Operating Working Capital divided by Sales (NOWC/Sales) and 3/ A sustainability objective measuring the accident frequency with lost time which lead to absence pay of more than one day (LTIF). The CEO's individual objective outcome is based on the average outcome of the divisional and unit objectives.

The STI objectives 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 that the Group shows a positive adjusted operating result (excluding items affecting comparability). This threshold was reached for 2022 and the STI outcome is distributed as follows. 1/ SSAB's EBITDA margin exceeded the peer group's average EBITDA margin by 10,8 percentage points, which exceeds the threshold and gives maximum payout. 2/ The NOWC/Sales objective gave a result of 23,2 percent, which is below the threshold and therefore gives no payout. 3/ The accident rate was measured at 1,1 LTIF, which exceeds the threshold 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 2022

The LTI program is cash-based and has been measured over a period of three years (2020-2022). Outcome is capped to maximum 25 percent of the fixed salary as per December 31, 2019. 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 competitors² and to 50 percent linked to return on capital employed (ROCE).

¹ Arcelor Mittal Europe, BE Group, JFE, Kingspan, Klöckner, Lindab, Nucor, Tata Steel Europe, Salzgitter, US Steel and Voestalpine

² Arcelor Mittal Europe, Nucor, Salzgitter, ThyssenKrupp, US Steel

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 108 percent during the three-year period, which corresponds to an outcome of 85 percent. The return on capital employed (ROCE) amounted to 20,1 percent during the three-year period, which corresponds to a maximum outcome.

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 2022 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 versus peers 2022	51,00 %	a) 10,8%-points b) 100 % c) SEK 4 972 500
	Net Operation Working Capital (NOWC) divided by Sales 2022	21,25 %	a) 23,2 % b) 0% c) SEK 0
	Long term injury frequency (LTIF) 2022	12,75 %	a) 1,1 b) 100% c) SEK 1 243 125
	Average of divisional and unit objectives achievement 2022	15,00 %	a) 59,5% average of divisional and unit objectives achievement b) 59,5 % c) SEK 870 675

* 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 2020-2022	50%	a) 2nd place b) 85% c) SEK 1 205 938
	ROCE 2020-2022	50%	a) 20,1 % b) 100% c) SEK 1 418 750

* Percentage of stretch achievement, per performance criteria.

Share-based remuneration

SSAB had no share-based remuneration programs for payout in 2022.

Information on remuneration and company performance

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

	2022	2021	2020
CEO total remuneration	29 818	26 116	18 658
<i>Group adjusted EBIT (excluding items affecting comparability)</i>	29 300 000	18 837 000	-325 000
Average total remuneration on a full time equivalent basis of employees of the parent company*	1 180	1 080	1 008

* Excluding members of the group executive committee