

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of GHP Specialty Care AB (the company), adopted by the annual general meeting (AGM) 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. 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 20 on pages 70-71 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 76-79 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the AGM and disclosed in note 20 on page 70 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on page 2 in the annual report 2020.

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

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 can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company'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 salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 30–32 in the annual report 2020. During 2020, 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.ghp.se/english/investor-relations/corporate-governance/annual-general-meeting>. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Total CEO remuneration

Table 1 – Total CEO remuneration in 2020 (kSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration			4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration***
	Base salary*	Other benefits**	One-year	Multiple- year	Extraordinary items			
Daniel Öhman (VD)	1,902	97	340	0	0	471	2,810	88/12

* Including holiday pay of 32 kSEK.

** Company car benefit and health insurance.

*** 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 measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Table 2 – Performance of the CEO in the reported financial year: variable cash remuneration

	1	2	3
Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome
Daniel Öhman (VD)	EBIT 2020	100 %	a) 40% b) 340 kSEK

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY)

As this document is the first produced remuneration report, the below table only entails information for financial year 2020 and in relation to 2019.

	RFY 2020 vs 2019 (% change)	RFY 2020 (kSEK)
Total CEO remuneration	10.2%	2,810
EBIT	59.0%	100,095
Average remuneration on a full-time equivalent basis of employees* of the parent company	13.8%	558

* Excluding members of the group executive management.

Long-term incentive programmes

Below incentive programmes are not covered by the remuneration guidelines adopted by the AGM 2020, as they are not considered as salary or other remuneration.

Convertible bonds

In 2016, the AGM decided on carrying out the issue of convertible bonds and approval of an incentive programme for executive management and key employees. The subscription of the convertibles occurred from 13 to 17 May 2016 and was capped to 1,600,000 max. The convertible could be converted to shares from 24 February to 23 March 2020. On 23 March, the convertible bonds were resolved and exchanged for 958,292 shares and votes, of which the CEO owned 25 percent. After the exchange the total number of shares and votes were 69,240,877 and the share capital amounted to SEK 69,240,877, corresponding to a dilution of 1.40% of the outstanding shares.

Warrants programme

The AGM 2020 decided to introduce a long-term incentive programme (2020/2023) by issuing warrants to Global Health Partner Swe AB and approving the transfer warrants to senior executives within the group. It was decided that Global Health Partner Swe AB was allowed to transfer no more than 350,000 warrants, accordingly:



- The CEO can not acquire more than 100,000 warrants, and
- Other participants can not acquire more than 50,000 warrants. The maximum number per participant should be based on the participant's competence and responsibilities.

The warrants' market value was estimated, using the Black & Scholes model, on 11 May 2020 at SEK 1.20 per warrant. The strike price is, according to the terms and conditions, set to SEK 18,00. In total, 340,000 warrants were issued and acquired at market value by executive management, of which 80,000 warrants were acquired by the CEO. The increase of the company's share capital can, at full utilization, not exceed SEK 340,000 (given the current quota value and provided that there has been no recalculation, which on 31 December 2020 corresponds to a dilution of 0.50 percent of the outstanding shares).

When the warrants are transferred to the participants, the company shall reserve the right to buy back the warrants if the participant's employment or assignment in the Group comes to an end.

The warrants may be exercised by registering to subscribe for new shares during the period 8 May 2023 up until 5 June 2023.

Gothenburg, March 2021

GHP Specialty Care AB
The Board of Directors