

## Dometic's Remuneration report 2020

### Introduction

This remuneration report provides an outline of how Dometic's Guidelines for Remuneration for the CEO & the Group Management (the "remuneration guidelines"), adopted by the annual general meeting 2020, have been implemented in 2020. The report also provides details on the remuneration of the CEO of Dometic. 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 9 (*Employee benefit expense and remuneration*) on pages 96-97 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 62-69 in the annual report 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 9 on page 96 in the annual report 2020.

### Key Developments 2020

The CEO summarizes the company's overall performance in his statement on pages 4-5 in the annual report 2020.

### The company's remuneration guidelines: scope, purpose and deviations in 2020

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, it is necessary that the company offers competitive remuneration. Dometic's remuneration guidelines enable the company to offer the Executive Management a competitive total remuneration.

Under Dometic's remuneration guidelines, total remuneration shall be based on the position held, individual performance, performance of the Dometic Group and be competitive in the country of employment. The overall remuneration package may consist of the base salary, variable salary based on short-term annual performance targets, long-term incentives, pension and other benefits, including non-monetary benefits. The variable cash remuneration, STI, shall be based on predetermined and measurable performance targets which can be financial or non-financial. 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 variable cash remuneration, LTI, shall be designed to ensure a long-term commitment to Dometic Group's development, be implemented on market terms and have a term of no less than three years. Long-term incentive programs shall be cash-based and linked to the development of earnings per share.

The remuneration guidelines are found on page 57-58 in the annual report 2020. Total remuneration of the CEO during 2020 has complied with the company's remuneration guidelines. The Board of Directors has exercised its mandate given by the annual general meeting to deviate from the remuneration guidelines in the following cases. In connection with the recruitment of the new President EMEA, it was agreed to partly compensate the new President EMEA for lost STI, shares and options from the previous employment, with an amount of SEK 1.000.000. In 2020, the pandemic set unprecedented conditions which required great efforts from the business. A pay-cut of 10% was implemented for Group and Regional Management members during the most intense phase of the pandemic that affected the business. In light of the situation and as an extraordinary retention tool, the Board of Directors made the performance evaluation of the LTI programs for 2018 and 2019 in 2020 in advance (to be paid in 2021 and 2022), before the three-year vesting period of these programs had expired. The outcome of the Board of Directors' performance evaluation was that 50% of the maximum remuneration under the two programs shall be paid out after expiration of the three-year vesting period for all participants in the programs. These two programs are the first programs for several of the members in Group Management and in Regional Management.

The auditor's report regarding the company's compliance with the remuneration guidelines is available on <https://www.dometic.com/en/se/about-us/our-company/corporate-governance/shareholders-meeting/annual-shareholders-meeting-2021>. In 2020, no remuneration has been reclaimed.

Table 1 – Total CEO remuneration in 2020 (kSEK)

Name of Director, position	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary*	Other benefits**	One-year variable***	Multi-year variable****	Extraordinary items*****	Pension expense*****	Total remuneration	Proportion of fixed and variable remuneration
Juan Vargues (CEO)	8 270	640	3 815	3 900	3 985	3 464	24 074	Fixed 51% Variable 49%

\* Including vacation pay of kSEK 76. From April 1st to July 31st, a pay-cut of 10% was applied due to COVID19.

\*\* Including allowances, car benefit, per diem and health care benefit.

\*\*\* STI earned in 2020, paid in 2021. In 2020, a payment of kSEK 1 816 was made relating to STI 2019 (not included in amount).

\*\*\*\* LTI 2018, vesting March 31st, 2021. The CEO did not receive any payment relating to LTI in 2020.

\*\*\*\*\* Compensation for lost remuneration from previous employer. For details, see p 96 in the annual report 2020.

\*\*\*\*\* Pension expense 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 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.

As to the short-term variable remuneration, the Board of Directors has made both quantitative and qualitative assessments. This has involved the application of judgement to ensure that the outcome will reflect broader considerations and remain appropriate and proportionate, in addition to the formulaic outcome on the basis of scorecards. The Board considers that the exercise of judgement is needed to achieve an appropriate execution of the remuneration guidelines.

As to the quantitative assessment of performance, the internal financial metrics have been measured against the latest financial information made public by the company. In arriving at its assessed degree of achievement, the Board of Directors has taken the above-mentioned extraordinary factors during the pandemic into account. Given the circumstances during 2020, the Board of Directors has separately evaluated the performance for full year 2020, for first half 2020 and second half 2020. The agreed outcome balances these three evaluations.

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

1 Plan description	2 Description of the criteria related to the remuneration component	3 Relative weighting of the performance criteria	4 a) Measured performance and actual award/ remuneration outcome b)
STI 2020	EBIT 2020	60%	a) MSEK 1 939 b) kSEK 2 289
	EBIT Margin 2020	10%	a) 12,0% b) kSEK 382
	Cash conversion 2020	30%	a) 82,8% b) kSEK 1 144
LTI 2018	CAGR EPS 2018-2020	100%	a) See explanation above b) kSEK 3 900
LTI 2019	CAGR EPS 2019-2021	100%	a) See explanation above b) kSEK 4 037*
LTI 2020	EPS 2020	33%	**
	EPS 2021	33%	**
	EPS 2022	33%	**

\* Not included in total CEO remuneration as performance period is still running.

\*\* Performance period still running.

### Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last three reported financial years

Annual change	2019 vs 2018	2020 vs 2019	2020 (RFY)
Juan Vargues, CEO (kSEK)	-4 828* -21,5%	+6 430 +36,4%	24 074
EBIT** MSEK	-244 -9,1%	-496 -20,4%	1 939
Average remuneration on a full-time equivalent basis of all employees in the group*** (kSEK)	+50 +13,3%	-39 -9,1%	391

\* Change of CEO in January 2018. The total CEO remuneration also includes the final salary payment to previous CEO.

\*\* EBIT before items affecting comparability.

\*\*\* A comparison with the company's employees (Dometic Group AB publ.) is not possible as it only employs Group Management members. The calculation excludes CEO & Group Management.