

## The Board of Directors' report on the Remuneration Committee's evaluation of remuneration in accordance with section 10.3 of the Swedish Corporate Governance Code<sup>1</sup>

The Board of Directors of Hoist Finance AB (publ) ("**Hoist Finance**") has established a Remuneration Committee which prepares the decisions of the Board of Directors on matters concerning remuneration principles, remuneration and other terms of employment for the executive management team members and control function employees.

The Remuneration Committee shall also monitor and evaluate (i) variable remuneration programs for the executive management team, both ongoing and those completed during the year; (ii) the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting; and (iii) the Hoist Finance group of companies' remuneration structure and remuneration levels. Pursuant to section 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby presents the following report on the results of the Remuneration Committee's evaluation.

Hoist Finance's objective shall be to offer competitive total remuneration which enables Hoist Finance to attract, retain and motivate employees who have the requisite skills. The remuneration shall also encourage good performance, prudent behavior and risk-taking aligned with customers' and shareholders' expectations. The total remuneration level shall reflect the complexity, the level of responsibility and competence required for every position as well as the individual employee's performance.

The current guidelines for remuneration to senior executives were adopted at the Annual General Meeting in Hoist Finance on 16 May 2019. The Remuneration Committee has confirmed that Hoist Finance has complied with these guidelines with one exception. The exception relates to the payment of severance pay amounting to SEK 3 588 000 to a former member of the executive management team. The reason for the exception is that the Remuneration Committee and the Board of Directors deem that the severance pay was necessary in order to avoid further claims for remuneration from the person. The guidelines that will be proposed at the Annual General Meeting 2020 have been updated in accordance with new provisions in the Swedish Corporate Governance Code.

At the Annual General Meeting 2019 a long-term share based incentive program, a so-called LTIP, was adopted for the executive management team and certain other key employees. The purpose of the program is to promote value creation while at the same time it should aim to

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<sup>1</sup> The obligation for the Board of Directors to report on the results of the evaluation has been removed from section 10.3 in the Code but shall according to the section "The structure and content of the Code" remain in effect until 31 December 2020.

attract and retain senior executives who are crucial for Hoist Finance's long-term success, and achieve an increased community of interest between the participants in the program and the Company's shareholders. According to the Remuneration Committee the implemented program has fulfilled these objectives during 2019. However, due to the current uncertainty caused by Covid-19, the company has decided that no variable pay for 2019 is paid out to the members of the executive management team and the country managers (the Group Management Team) in 2020.

The Remuneration Committee has proposed that a new incentive program is adopted at the annual general meeting 2020. The proposed plan essentially corresponds to the 2019 program. The Remuneration Committee proposes to hedge the delivery of bonus shares and administrative expenses, including social security contributions, through a so-called share swap.

Further to the above, the Remuneration Committee has during the year evaluated the current applied structures and levels of remuneration in the group and found them to be in accordance with market terms.

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Stockholm, March 2020  
Hoist Finance AB (publ)  
The Board of Directors