

Remuneration report 2020

This remuneration report provides an outline of how Adapteo’s policy for executive remuneration (“the Remuneration Policy”) adopted by the Annual General Meeting 2020, has been implemented in 2020. The report also provides information regarding remuneration to Adapteo’s CEO and Board of Directors. In addition, the report contains a summary of Adapteo’s outstanding share-related incentive plans.

This report has been prepared in accordance with the Finnish Company’s Act and Securities Act. Information required by the Finnish Accounting Act is available in note 7 on p. 82–86 in the annual report 2020.

Information on the work of the remuneration committee in 2020 is set out in the Board of Directors report, which is available on p. 57–59 in the annual report 2020.

Remuneration policy

The Remuneration Policy states that the remuneration to the CEO and members of the Board of Directors must support the company’s long-term strategy. A prerequisite for a successful implementation of the company’s corporate strategy and the furtherance of the Company’s long-term interest, including its sustainability, requires that the company can recruit and retain qualified employees and members of the Board of Directors. For this purpose, it is necessary that the company offers competitive remuneration.

Remuneration to the CEO consists of fixed salary, short and long-term variable remuneration, pension and other benefits.

Remuneration to the Board of Directors consists of fixed compensation, for example in the form of an annual fee subject to approval at the Annual General Meeting. Members of the Board of Directors do not participate in the company’s variable pay, pension or benefit plans.

The remuneration policy, adopted by the Annual General Meeting 2020, can be found on the company’s website. The auditor’s report regarding whether the company has complied with the policy is available on the company’s website.

Total remuneration to CEO

The table below shows the total remuneration to Adapteo’s CEO earned during 2020.¹

Table 1 – Total remuneration to CEO

		Base salary	Variable cash remuneration		Share-related remuneration ²
			Short-term variable cash remuneration	Long-term variable cash remuneration	
Philip Isell Lind af Hageby CEO	KEUR	291	-	-	-
	Part of total remuneration	86 %	-	-	-
		Benefits	Pension expense	Other remuneration	Total remuneration
Philip Isell Lind af Hageby CEO	KEUR	7	39	-	337
	Part of total remuneration	2 %	12 %	-	100 %

Base salary includes vacation pay. Benefits include car benefit and health insurance. Variable remuneration amounted to 0 percent of base salary.

¹ Such variable cash remuneration paid to the CEO during 2020, referring to performance during 2019 is not included in the table, as the table only shows the remuneration earned during 2020.

² Share-related remuneration refers to earned amounts in 2020, which amounted to 0. During the financial year of 2020, kEUR 16 was paid out to the CEO, please see page 110 in Adapteo’s Annual Report 2020.

Variable cash remuneration

Short-term variable cash remuneration is linked to pre-determined and measurable criteria with a strong link to the company's predefined financial goals. Short-term variable cash remuneration to the CEO may correspond to a maximum of 70 percent of the fixed annual salary according to the remuneration policy. As of now, the Board of Directors have decided that short-term variable cash remuneration to the CEO corresponds to a maximum of 50 percent of the fixed annual salary. The outcome is related to the fulfilment of set targets regarding profitability (Net Profit) as well as sales volume (Rental Sales) for the Group. The Board is responsible for assessing the CEO's outcome. The outcome for the financial year 2020 amounted to 0 percent of the possible maximum.

Long-term variable cash remuneration aims at aligning managements interest with the interest of the company's shareholders and is strongly linked to the company's financial performance. Long-term variable cash remuneration to the CEO may correspond to a maximum of 150 percent of the fixed annual salary according to the remuneration policy. The outcome is related to the fulfilment of set targets regarding earnings per share (EPS) for the Group. The Board is responsible for assessing the CEO's outcome. Potential net outcome in long-term variable cash remuneration is expected to be invested in Adapteo shares. The outcome for the financial year 2020 amounted to 0 percent of the possible maximum.

Share-related remuneration

Outstanding share- and share-related incentive programs

Adapteo had outstanding share-based incentive programs with performance measures in which the CEO was participating during 2020. In connection with the demerger from Cramo Plc, the Board of Cramo Plc resolved to establish new share-related incentive plans for Adapteo Group employees.

PSP H2 2019³: performance period from 1 July to 31 December 2019 followed by two years vesting. A performance share plan, under which performance is measured as Earnings Per Share (EPS) and operative ROCE for the Group. A participant's participation in the plan is contingent upon participation in the Adapteo employee share savings plan (Piece of Adapteo 2019).

Piece of Adapteo 2019: participants were offered the opportunity to save a portion of their salary to be used for purchase of Adapteo shares. From 1 July 2019

to 31 December 2019, savings from the participants' net salaries have been deducted monthly. The minimum savings amount for the participant per month was 2% of gross salary, and the maximum was 5%. Each participant will receive one free Adapteo matching share for every two purchased savings shares after the designated holding period, which ends on 15 May 2022, assuming the preconditions of shareholding and employment have been met.

For both PSP H2 2019 and Piece of Adapteo 2019, a portion of the reward is withheld to cover applicable taxes arising from the rewards to the participant.

Share-related incentive plans resolved prior to demerger from Cramo Plc

In connection with the demerger from Cramo, the Board of Directors of Cramo Plc resolved on certain adjustments to the reward payments of share-related incentive plans set out from Cramo Plc. Pending rewards from the PSP plans will be paid to participants in the original schedule after relevant vesting period. Thus, Cramo portions pending under the plans will be settled in cash. For the One Cramo Share Plan, Cramo portions pending under the One Cramo 2016; 2017; 2019 have been settled in cash during 2020⁴.

For PSP 2017, 2018 and 2019, reward will be paid out in Adapteo shares and cash corresponding to pending Cramo portions (reward from PSP 2017 was paid during 2020⁵) in original schedule after relevant vesting period. Discretionary periods correspond to one year (1 January to 31 Dec) followed by a two-year vesting period. For Adapteo participants, the discretionary period 2019 ended already on 30 June 2019. Participants in PSP 2019 will be paid in the original schedule after the relevant vesting period in May 2022 for any rewards accrued by 30 June 2019.

The pending Adapteo matching shares in the One Cramo Share Plan will be paid after relevant holding period. Adapteo participants, saving in the One Cramo Share Plan ended on 30 June 2019. For both PSP and One Cramo Share Plan, a portion of the reward is withheld to cover applicable taxes arising from the rewards to the participant.

3 The Board of Cramo Plc approved on three discretionary periods of PSP: 1 July -31 Dec 2019 (PSP H2 2019), calendar year 2020 and 2021. The Board of Adapteo resolved not to launch a new discretionary period for 2020 under the PSP. Instead, a cash-based long-term incentive was launched 2020.

4 Cramo portion paid under One Cramo plans accounted for EUR 13,75 per share (converted to local currency).

5 Cramo portion paid under PSP 2017 accounted for EUR 13,75 per share (converted to local currency).

Table 2 – Remuneration to the CEO in shares⁶Remuneration to the CEO in Cramo shares⁷

PLAN		Number of shares invested when awarded	Number of shares awarded	Value of shares awarded (EUR)	Number of shares un-vested	Number of shares vested	Value of shares vested (EUR)
Philip Isell Lind af Hageby CEO	PSP 2017	0	633	8,704	0	633	8,704
	PSP 2018	0	7,345	103,202	7,345	0	0
	PSP 2019	0	3,354	47,126	3,354	0	0
	PSP H2 2019	-	-	-	-	-	-
	One Cramo 2017	484	242	3,328	0	242	3,328
	One Cramo 2019	136	68	935	0	68	935
	Piece of Adapteo 2019	-	-	-	-	-	-
TOTAL		620	11,642	163,295	10,699	943	12,967

Remuneration to the CEO in Adapteo shares

PLAN		Number of shares invested when awarded	Number of shares awarded	Value of shares awarded (EUR)	Number of shares un-vested	Number of shares vested	Value of shares vested (EUR)
Philip Isell Lind af Hageby CEO	PSP 2017	0	633	4,219	0	633	4,219
	PSP 2018	0	7,345	62,512	7,345	0	0
	PSP 2019	0	3,354	28,545	3,354	0	0
	PSP H2 2019	0	2,950	25,107	2,950	0	0
	One Cramo 2017	484	242	2,060	242	0	0
	One Cramo 2019	136	68	579	68	0	0
	Piece of Adapteo 2019	618	309	2,630	309	0	0
TOTAL		1,238	14,901	125,652	14,268	633	4,219

6 For all the plans except PSP H2 2019 and Piece of Adapteo 2019, rewards are paid in two portions, one from Adapteo and one from Cramo (Cramo portion settled in cash).

7 Value of Cramo share is based on the acquisition price of Cramo shares of 13.75 EUR, which will be converted into local currency.

Total remuneration to the Board of Directors

The table below shows the total remuneration to Adapteo's Board of Directors during 2020.

Table 3 – Total remuneration to the Board of Directors during financial year 2020

	Annual board fee	Committee fees	EUR Total
Peter Nilsson, Chairman of the Board of Directors	90,000	6,667	96,667
Joakim Rubin, Member of the Board of Directors	37,500	5,000	42,500
Andreas Philipsson, Member of the Board of Directors	37,500	3,333	40,833
Carina Edblad, Member of the Board of Directors	37,500	3,333	40,833
Outi Henrikson, Member of the Board of Directors	37,500	10,000	47,500
Ulf Wretskog, Member of the Board of Directors	25,000	5,000	30,000
Sophia Mattsson-Linnala, Member of the Board of Directors	25,000	-	25,000
Total	290,000	33,333	323,333

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last reported financial years

Annual Change ⁸	2019 ⁹ /2020
<i>CEO remuneration</i>	
Total remuneration CEO	16 % ¹⁰
<i>Total Remuneration to the Board of Directors</i>	
Peter Nilsson Chairman of the Board of Directors	122 % ¹¹
Joakim Rubin Member of the Board of Directors (1)	72 % ¹¹
Andreas Philipsson Member of the Board of Directors (2)	107 % ¹¹
Carina Edblad Member of the Board of Directors (3)	107 % ¹¹
Outi Henrikson Member of the Board of Directors (4)	60 % ¹¹
Ulf Wretskog Member of the Board of Directors (5)	– ¹²
Sophia Mattsson-Linnala Member of the Board of Directors (6)	– ¹²
<i>Average remuneration to the Board of Directors</i>	
Annual change in total remuneration	68 %
<i>Company's performance¹³</i>	
Rental Sales	99 %
Net Sales	111 %
EBITDA	103 %
<i>Average remuneration on a full-time equivalent basis of employees</i>	
Adapteo Group ¹⁴	71 % ¹⁵

Right to reclaim remuneration

The Board has not reduced nor reclaimed any awarded remuneration.

Compliance with the remuneration policy

No deviation from the remuneration policy have been made during the year. The Board and the remuneration committee have dealt with remuneration in accordance with the process and principles set out in the policy.

⁸ The change in total remuneration refers to the annual change in the sum of all remuneration components as they are reported in Table 1.

⁹ Adapteo was incorporated on July 1st, 2019 after the demerger from Cramo Plc on 30 June 2019.

¹⁰ Total remuneration in 2019 represents the period from July 1st to December 31st, 2019. No variable cash remuneration was earned during the financial year 2020.

¹¹ Total remuneration to the Board of Directors in 2019 represents the period from July 1st to December 31st, 2019. Therefore, the annual change regarding the total remuneration to the Board of Directors between 2019 and 2020 is unusually high.

¹² Position was not filled until 2020, hence data for 2019 is not available.

¹³ Company's performance in 2019 represents the period from July 1st to December 31st, 2019. For more detailed information on the annual changes regarding the Company's performance, see page 70 in Adapteo's Annual Report 2020.

¹⁴ Total remuneration for all employees employed in entities belonging to the group when entering 2020. The acquired companies, Dutch Cabin Group and Stord Innkvartering AS have been excluded for comparability purposes.

¹⁵ Average remuneration in 2019 represents the period from July 1st to December 31st, 2019. No variable cash remuneration was earned during the financial year 2020 with the exception for the entity Adapteo Oy which reached performance threshold for variable cash remuneration. The adjusted change in remuneration for employees in Adapteo Group between 2019 and 2020, where remuneration has been calculated to simulate remuneration for the full fiscal year of 2019, corresponds to -13%.