

Remuneration report

Introduction

This report describes how the guidelines for executive remuneration of Haldex AB (publ), adopted by the annual general meeting on May 23rd, 2021, were implemented in 2021. 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 9 (Information on remuneration of senior executives) on page 76 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 45-53 in the annual report 2021. 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 76 in the annual report 2021.

Key developments 2021

Helene Svahn resigned as CEO on May 31st, 2021, and Jean-Luc Desire assumed the position on June 14th, 2021. Haldex CFO, Lottie Saks, was appointed acting CEO from June 1, 2021, until Jean-Luc Desire's first day in the office, June 14th, 2021. Other key developments during the year and the Company's overall performance are summarized by the CEO in his statement on pages 6-7 in the Annual Report 2021.

The company's remuneration guidelines: scope and purpose

Remuneration and other terms of employment for members of the executive management within the Haldex Group shall be balanced, in accordance with market practice and competitive on the geographical market where the member of the executive management operates, with respect to structure, scope and compensation levels. The remuneration guidelines are set with the purpose of enabling the Company to attract and retain competent members of the executive management and other employees in short- and long-term perspective, which is a prerequisite for the successful implementation of the Group's business strategy, safeguarding its long-term interests and achieving the Group's sustainability goals. 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 of Haldex, remuneration of executive management may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

The variable salary should be based on individual performance and be connected to pre-determined and measurable criteria, which also should contribute to the Company's strategy and goals, such as sales, operating margin and return on capital employed (ROCE). The purpose of the variable remuneration is to motivate the executive management to achieve the set goals and thereby contribute to meeting the company's business strategy, long-term interests, and sustainability goals. In addition to remuneration covered by the remuneration guidelines, it may be resolved at the general meetings of the company to implement long-term incentive plans.

Long-term Incentives (LTI)

In the latest LTI plan, LTI 2018, which has been a three-year plan 2018–2020, the target in the LTI plan was not met, and there is therefore no outcome or payment in 2021.

The Annual General Meeting resolves on incentive programs for senior executives and key employees. The Board has proposed to the 2022 Annual General Meeting that a long-term bonus program will be established, for more information please see the Notice of Annual General Meeting available on the Company's website, <https://www.haldex.com/en/corporate>.

Share option plans (CEO)

The Company has not had any outstanding share or share-price related incentive programs since 2017. The long-term incentive programs, which have been implemented since then, have only included remuneration in cash.

However, at the Annual General Meeting 2021 it was resolved, in accordance with the Board's proposal, to adopt a long-term incentive (LTI) program for the CEO. Participation in the LTI program requires personal investment in Haldex shares. The 2021 LTI included a right to, under certain conditions, acquire Haldex shares against a pre-defined strike price (the "Options"). Pursuant to the terms of the 2021 LTI, the Options were to be granted not later than July 31st, 2021, which did not occur. The CEO has acquired 16,000 Qualifying Shares and will be granted 48,000 Options (subject to approval by the annual general meeting). This is expected to occur on or about April 28th, 2022. An LTI is considered to have a positive impact on the long-term growth of the Group and the long-term commitment of the participant to the development of the company through a long-term shareholding in the company, and thus to be beneficial to both the shareholders and the company.

The maximum number of Options that may be granted under the LTI is 60,778 representing approximately 0.12 per cent of the outstanding shares and votes in Haldex. The Options shall vest after a three-year period, ending on July 31st, 2024 (the "Vesting period"), provided that the CEO continues to hold the Qualifying Shares at the end of the Vesting Period. The number of the Options that vest shall be determined as follows: (i) one third (1/3) of the Options shall vest without any additional performance criteria; and (ii) two thirds (2/3) of the Options shall vest provided that Haldex' average return on equity (Sw. avkastning på eget kapital) during the Vesting Period has amounted to at least fifteen percent (15 %) and provided that the CEO remains employed by Haldex at the end of the Vesting Period.

Short-term Incentive (STI)

The board resolved to cancel all incentive programs for the 2020 financial year. Hence, no variable salary has therefore been paid to the CEO or other Senior executives in 2021 for performance for the year of 2020.

The STI for the CEO and other senior executives are linked to certain Corporate Group targets as well as Individual performance targets. The 2021 STI for the CEO were linked to Corporate annual Gross Profit, EBIT and Cash flow targets. For the year of 2021, the targets were met 66.86% versus the 100% target bonus, and therefore the equivalent STI bonus is due for payment in 2022.

Other

Haldex is generally very restrictive in involving Board members in operational tasks, but in the event of exceptional tasks not considered part of regular Board work, consideration may be given to engaging a Board member as a consultant for a limited period of time, provided that the remuneration is market-based and in line with the remuneration of Haldex's senior executives.

Detlef Borghardt supported the Haldex Group Management in certain customer dialogues and negotiations during 2021. The support was related to customers and subject areas where Detlef Borghardt's experience, strategic expertise and network have been of crucial importance. The remuneration totaled SEK 200,000.

Compliance with remuneration guidelines

The remuneration guidelines, adopted by the annual general meeting 2021, can be found on the company's website (link below). The auditor's report regarding whether the company has complied with the guidelines is also available on the company's website <https://www.haldex.com/en/corporate/>.

During the financial year 2021 the remuneration guidelines adopted by the annual general meeting in 2020 and 2021 and the decision-making process which is to be applied to set compensation according to the guidelines have been followed without any deviations. Remuneration to executive management has been paid in accordance with the guidelines.

Total CEO remuneration

*Table 1 – Total remuneration of the CEO in 2021 (kSEK) **

Name and director (position)	Fixed remuneration Base salary incl. benefits	Variable remuneration	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Helene Svahn, CEO (until May 31)	7 139	0	0	1133***	8 272	Fixed 100 % Variable 0 %
Jean-Luc Desire, CEO (from June 14)	2 723	2 000**	0	790***	5 513	Fixed 64 % Variable 36 %

* The table reports remuneration earned in 2021. Disbursement of any payments may or may not have been made the same year.

** Amounts for variable remuneration 2021 relate to remuneration expensed in 2021, a portion of which was paid during the year.

*** Only the fixed salary qualifies for pension benefits.

Comparative information on the change of remuneration and company performance

Table 2 - Change of remuneration and company performance

	Change 2020 vs 2019		Change 2021 vs 2020		2021
CEO remuneration					
Jean-Luc Desire*	+273 kSEK	6.7 %	+3233 kSEK	61.55 %	8486 kSEK
Average remuneration on a full-time equivalent basis of other employees					
Employees of Haldex**	+19 kSEK	2.1 %	+62 kSEK	6.8 %	983 kSEK

* Jean-Luc Desire started his position on June 14, 2021. The CEO remuneration for 2021 has been enumerated to represent a full year remuneration, for the purpose of this comparison against the previous CEO remuneration. The actual remuneration paid is set out in Table 1 above.

** Employees of Haldex AB on Dec 31, 2021, excluding the CEO. Pension benefits not included.

Group performance***			2019	2020	2021
Growth			-15 %	-20 %	21 %
EBIT			-4.5 %	-2.5 %	7.4 %
EBITDA			0.8 %	7.5 %	12 %
ROCE, excl one-off items			-4.4 %	5 %	12.9 %

*** The performance of the Haldex Group