



Remuneration Report



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This Remuneration Report provides an insight in how Karnov Group's guidelines for executive remuneration, adopted by the Annual General Meeting on 5 May 2020, have been implemented in 2020.

About the Remuneration Report

Karnov Group's Remuneration Report relates to the fiscal year 2020. The Remuneration Report covers the parent company Karnov Group AB (publ) (reg. no. 559016-9016) and covers all entities consolidated in the consolidated financial statements of Karnov Group for the same period, which are specified in Note 15 of the Annual Report. The remuneration report has been prepared in compliance with Chapter 8 of the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code.

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 the Corporate Governance Report 2020 on p. 24 in the Annual Report 2020.

The Board of Directors of Karnov Group AB (publ) has, when signing the Annual Report, also approved the remuneration report.

Key developments in 2020

Overall company performance in 2020

The CEO summarises the company's overall performance in the statement on p. 6-7 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 is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration.

The Annual General Meeting on 5 May 2020 resolved on guidelines for executive remuneration. The guidelines encompass salary and other remuneration for the Company's CEO and other senior executives. The guidelines resolved by the Annual General Meeting are disclosed in the Corporate Governance Report 2020 on p. 25-26 in the Annual Report 2020.

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 statement of the Company's compliance with the guidelines is available on the Company's website <https://www.karnovgroup.com/>.

Types of remuneration

Remuneration and other terms and conditions of employment shall be adequate to enable the Company and the group to retain and recruit skilled senior executives at a reasonable cost. The remuneration to senior executives may consist of fixed remuneration, variable remuneration, pension, other benefits and severance payment and it shall be based on principles of performance, competitiveness and fairness. The general meeting can also, irrespective of these guidelines, resolve on, among other things, share-related or share price-related remuneration.

Fixed remuneration

Each senior executive shall be offered a fixed remuneration in line with market conditions and based on the senior executive's responsibility, expertise and performance.

Variable remuneration

Variable remuneration may comprise annual variable cash salary and long-term variable pay in the form of cash. Variable remuneration shall be subject to the fulfilment of defined and measurable targets. 60 percent of the variable remuneration is based on financial performance decided by the Board of Directors based on the Company's financial targets, 20 percent of the variable remuneration is based on non-financial performance activities decided by Board of Directors to achieve the financial targets and 20 percent of the variable remuneration is based on individual targets contributing to the overall targets of the Company. This creates incentives to promote the Company's business strategy, long-term interests and sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 100 percent of the total fixed annual salary and the variable cash remuneration for the other senior executives may amount to not more than 75 percent of the total fixed annual salary. Variable cash remuneration shall not qualify for pension benefits unless otherwise provided by mandatory collective agreement provisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

In special cases, agreements may be reached on remuneration of a non-recurring nature, provided such remuneration does not exceed an amount corresponding to the individual's total fixed

annual salary and maximum variable cash salary, and is not paid more than once per year and per individual.

Pension

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the senior executive is employed. The CEO shall receive pension premiums of 10 percent of the total fixed annual salary. Other senior executives shall receive pension premiums of no more than 35 percent of the total fixed annual salary.

Other benefits

Other benefits, such as a Company car, preventive care, health care and health insurance, may be paid in accordance with

customary market terms. The other benefits shall amount to not more than 10 percent of total fixed annual salary.

Termination of employment

Fixed remuneration during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed remuneration for 12 months for the CEO and no more than 12 months for other senior executives. No severance pay shall be paid in the case of termination by the employee.

Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in 2020, in KSEK.

Name of director	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expenses	5 Total remuneration	6 Proportion of fixed and variable remuneration**
	Base salary	Other benefits*	One-year variable	Multi-year variable				
Flemming Breinholt (CEO)	2,985	221	1,388	N/A	N/A	298	4,892	72/28

*Company car and cellphone

**Pension expense (column 4), which in its entirety related to base salary and is premium defined, has been counted entirely as fixed remuneration.

Share-based remuneration

Outstanding share-related and share price-related incentive plans

The company has implemented two share saving programs (LTIP 2019 and LTIP 2020) for all employees (LTIP 2019) and local CEOs of Karnov Group Denmark A/S and Norstedts Juridik AB (LTIP 2020). Subject to the employee having made an own investment in shares in the company (savings shares), the company has issued and re-purchased performance shares. Participants who retain the savings shares during the program's vesting period of at least three years and also remain employed

by Karnov throughout the whole vesting period will at the end of the period be eligible for free additional ordinary shares (performance shares). The allotment of performance shares is subject to the satisfaction of the performance criteria: The total shareholder return shall be above zero, the organic growth shall be in the range of 3-6% and organic adjusted EBITA growth shall be in the range of 4-8%, as defined in the extraordinary general meeting's resolution, during 2019–2021 (LTIP 2019) and 2020–2022 (LTIP 2020). The CEO has 9,302 savings shares in LTIP 2019. In total, the CEO can be awarded 55,812 performance shares, if all performance criteria are achieved.

Share award plans

Person	The main conditions of the share award plan				Information regarding the reported financial year*					
	Name of plan	Performance period	Award date	End of retention period	Opening balance Saving shares held at beginning of the year	Awarded	During the year Vested	Subject to performance condition	Closing balance Awarded and unvested at the year end	Shares subject to retention period
Flemming Breinholt (CEO)	LTIP 2019	2019-2022	8 April 2019	22 April 2022	9,302	0	0	0*	0	0
Total					9,302	0	0	0*	0	0

*As Flemming Breinholt will resign on 10 May 2021, no performance shares will be awarded.

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.

The criteria for obtaining bonus are agreed between the CEO and the Board of Directors and is depending on fulfilment of specific goals.

The variable remuneration is based on a relative weighting of the performance criteria with a combination of company goals and individual goals. The relative weighting is 60% company targets that applies for all employees and 40% individual targets. The 60% of the variable remuneration is based on specific financial goals including customer/author/employee NPS for the relevant year and 40% of the bonus is based on non-financial

targets and individual targets for the CEO and calculated from the actual paid out basic salary of the CEO. The non-financial and individual targets for the CEO for 2020 are listed in the table below:

Performance of the CEO in the reported financial year: variable cash remuneration (KSEK)

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Non-financial target/Individual target	3 Relative weighting of the performance criteria	4 Measured performance outcome
Flemming Breinholt (CEO)	Develop Karnov Group's position in Denmark and Sweden and keep customer satisfaction	Individual target	10	10
	Develop Karnov Group's position in Denmark and Sweden with focus on launching new products	Individual target	10	9
	Internationalisation of Karnov Group	Non-financial target	10	10
	Value-creating organisation based on "one team – one company"	Non-financial target	10	10

Performance of the CEO in the reported financial year: share-based incentives

As the performance period is ongoing in LTIP 2019 where the CEO holds savings shares, there is nothing to report in this section.

Comparative information on the change of remuneration and company performance

Change of remuneration and company performance (RFY)

This Remuneration Report is the first that is established by the Company, hence only information on the financial year 2020 with comparing figures of financial year 2019 is presented below.

	RFY 2020 vs. RFY 2019	RFY 2020
CEO remuneration	+46 KSEK	4,892 KSEK
Group operating profit	+50,861 KSEK	131,042 KSEK
Average remuneration on an FTE basis in the Group*	+77 KSEK	881 KSEK

*Average remuneration includes base salary, variable salary, pension, and benefits.

Better decisions, faster

Find what you need, trust what you find
and do it quickly.