Note 11 Employees and personnel costs

Accounting policies
Accounting policies on employee benefits such as short-term benefits, termination benefits and share-based payment transactions are presented below. Post-employment benefits are presented in note 27, Provisions for pensions and similar obligations.

Short-term benefits
Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided. A provision is made for the anticipated cost of variable cash salary and profit-sharing contracts when the Group has a current obligation to make such payments (because services have been provided by employees) and when the obligation can be reliably estimated.

Termination benefits
The cost of termination benefits is recognized only if the company is demonstrably committed (without any realistic possibility of withdrawing the commitment) by a formal plan to prematurely terminate an employee's employment.

Share-based payment transactions
Within the Investor Group both equity-settled and cash-settled stock option and share programs and cash-settled (synthetic) shares have been issued.

Accounting for equity-settled programs
The fair value of stock options and share programs issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price.

The value is recognized in the income statement as a personnel cost allocated over the vesting period with a corresponding increase in equity.

The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options and shares expire only because share price related conditions do not reach the level needed for the options to vest.

When equity-settled programs are exercised, shares are delivered to the employee. The delivered shares are treasury shares that are repurchased when needed. When exercised, the payment of the exercise price that was received from the employee is reported as an increase in equity.

Equity-settled programs issued to employees in Group companies
In the Parent Company, the value of equity instruments, which is offered to employees of other companies belonging to the Group, is reported as a capital contribution to subsidiaries. The value of participations in subsidiaries increases simultaneously to the Parent Company's reporting of an increase in equity. The costs related to employees in companies concerned are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of participations in subsidiaries.

Accounting for cash-settled programs
Cash-settled stock option and share programs and cash-settled (synthetic) shares result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and the grant value is recognized over the vesting period as a personnel cost, which is similar to the recognition of equity-settled programs. However, cash settled programs are revalued at fair value every balance sheet date and at final settlement. All changes in the fair value as a result of changes in share price or fair value of the underlying instruments are recognized in the financial net with a corresponding change in liabilities.

When cash-settled programs are exercised, the liability to the holder of the synthetic shares is settled.

Accounting for social security attributable to share-based payment transactions
Social security expenses attributable to share-based remuneration are recognized and accrued in accordance with the same principles as the costs for synthetic shares.

Guidelines for remuneration for the President and other Members of the Extended Management Group
The AGM 2020 decided on guidelines for remuneration for the President and other Members of the Extended Management Group. The complete guidelines can be found on page 52.

Average number of employees in the Group

	2020		2019	
	Total	Of which women	Total	Of which women
Parent Company, Sweden	71	36	72	37
Sweden, excl. Parent Company	1,804	914	3,095	1,991
Europe excl. Sweden	3,527	1,984	4,263	2,625
North- and South America	4,693	1,807	4,400	1,624
Africa	1	1	1	1
Asia	3,717	2,568	3,596	2,541
Australia	151	90	133	85
Total Group	**13,964**	**7,400**	**15,560**	**8,904**

Gender distribution in Boards and Senior management

	2020		2019	
	Men	Women	Men	Women
Gender distribution in percent				
Board of the Parent Company	60	40	60	40
Extended Management Group of the Parent Company incl. the President	50	50	50	50
Boards in the Group[1)]	76	24	79	21
Management Groups in the Group	67	33	69	31

1) Based on all Group companies including small, internal companies with minor activity.

Note 11 *Employees and personnel costs*

Remunerations and benefits to Johan Forssell, President and Chief Executive Officer (SEK t)

Year	Basic salary	Vacation remuneration	Variable salary for the year	Total cash salary	Change of vacation pay liability	Pension premiums	Benefits	Long-term share-based remuneration value at grant date	Total	Own investment in long-term share-based remuneration	Own investment, % of CEO basic salary pre-tax
2020	10,355	1,495	2,796	**14,646**	–851	3,937	116	8,284	**26,133**	3,331	32.2
2019	9,500	556	2,565	**12,621**	164	3,592	160	7,600	**24,137**	3,185	33.5

Expensed remunerations

The amounts in the table below are calculated according to the accruals concept, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc. Variable salary refers to the approved variable salary for the current financial year, unless specified otherwise.

Expensed remunerations to the President and other members of the Extended Management Group in the Parent Company

Total remunerations 2020 (SEK t)	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration[1]	Total	Pension costs[2]	Other remuneration and benefits	Total expensed remuneration
President and CEO	10,355	1,495	–851	2,796	8,838	**22,633**	3,937	116	**26,686**
Extended Management Group, excl. the President	39,903[3]	1,724	–606	13,082[4]	29,576	**83,678**	8,628	1,320	**93,626**
Total	**50,258**	**3,219**	**–1,457**	**15,878**	**38,413**	**106,310**	**12,565**	**1,437**	**120,312**
Total remunerations 2019 (SEK t)									
President and CEO	9,500	556	164	2,565	7,945	**20,730**	3,592	160	**24,482**
Extended Management Group, excl. the President	26,050	921	371	12,402[4]	25,676	**65,419**	8,107	1,309	**74,836**
Total	**35,550**	**1,477**	**535**	**14,967**	**33,621**	**86,149**	**11,700**	**1,469**	**99,318**

1) There is a deviation from the value at grant date according to the previous table. In the table above the cost is calculated based on the principles in IFRS 2 and allocated over the vesting period. The calculation is also adjusted for the actual outcome of allotted performance shares, whereas in the previous table the value is based on an assumed allotment.
2) There are no outstanding pension commitments for the Extended Management Group including the President.
3) The amount includes expensed severance pay for a member of the Extended Management Group. Total severance pay for the executive includes fixed cash remuneration during 18 months, in accordance with the employment contract.
4) In addition to these amounts a member of the Extended Management Group have participated in incentive programs within former Investor Growth Capital. For more information about these programs see "Incentive program for selected employees within Patricia Industries" on page 76 and in note 33, Related party transactions.

Total remuneration – expensed salaries, Board of Directors fees and other remuneration and social security costs

	2020							2019						
Total remuneration (SEK m), Group	Basic salary[1]	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total	Basic salary[1]	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total
Parent Company	99	15	40	29	13	58	254	94	15	41	28	14	53	246
Subsidiaries	6,059	976	156	491	489	1,001	9,171	7,379	908[3]	228	591	561	1,244	10,911
Total	**6,158**	**991**	**196**	**520**	**502**	**1,058[2]**	**9,425**	**7,473**	**924**	**269**	**619**	**575**	**1,297[2]**	**11,157**

1) Includes vacation remuneration and change of vacation pay liability.
2) Of which SEK 112m refers to social security contribution for long-term share-based remuneration (87).
3) Restated to reflect payments from profit-sharing program within former Investor Growth Capital.

Expensed salaries and remuneration distributed between senior executives, Presidents and Boards in subsidiaries and other employees

	2020				2019			
Remuneration (SEK m), Group	Salary Senior executives Presidents and Boards in subsidiaries[1, 2]	Of which variable salary[1]	Other employees	Total	Salary Senior executives Presidents and Boards in subsidiaries[1, 2]	Of which variable salary[1]	Other employees	Total
Parent Company	46	9	68	114	45	9	65	109
Subsidiaries	156	35	6,879	7,034	128	36[3]	8,159	8,287
Total	**202**	**45**	**6,947**	**7,149**	**173**	**45**	**8,224**	**8,397**

1) The number of people in the Parent Company is 16 (16) and in subsidiaries 76 (80).
2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 22m and are in addition to the amounts presented in the table (24).
3) Restated to reflect payments from profit-sharing program within former Investor Growth Capital.

Note 11 *Employees and personnel costs*

Long-term variable remuneration – program descriptions
The Board of Directors encourages employees to build up a significant shareholding in Investor. Through the long-term variable remuneration programs, part of the remuneration to employees becomes linked to the long-term performance of the Investor share. Investor has two programs for long-term variable remuneration: Investor's program and the program for Patricia Industries.

Investor's program for long-term variable remuneration
The program consists of the following two components:

1) Stock Matching Plan
Through the Stock Matching Plan, an employee could acquire or commit shares in Investor (Matching share) at the market price during a period (determined by the Board) subsequent to the release of Investor's first quarterly report for each year, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) are granted for each Investor share acquired or committed by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period subsequent to the vesting period. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, other members of the Extended Management Group and a maximum of 20 other executives within Investor ("Senior Management") are required to participate in the Stock Matching Plan with Participation Shares corresponding to a "Participation Value" of at least 5 percent of their fixed cash remuneration before taxes. "Participation Value" refers to the number of Participation Shares multiplied by the Participation Price.

In addition, Senior Management is offered to participate with Participation Shares to such an extent that the value of the allocated Matching Options and Matching Shares amounts to a maximum of between 10 and approximately 27 percent (for the President, approximately 32 percent) of their respective annual fixed cash remuneration before taxes, depending on position, performance, etc. Other employees are not obligated, but have a right, to participate with Participation Shares to an extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum of 10 or 15 percent of fixed cash remuneration depending on position, performance, etc.

Under the Stock Matching Plan, the President is entitled to participate with (invest in) Participation Shares corresponding to a Participation Value of up to 40 percent of the annual fixed cash remuneration before taxes. If the President participates fully in the Stock Matching Plan, the possibility to receive a Matching Shares and Matching Options under the Stock Matching Plan corresponds to a theoretical value of approximately 27 percent of the annual fixed cash remuneration before taxes.

2) Performance Plan
Senior Management has, in addition to the Stock Matching Plan, the right to participate in a Performance Plan. Under this program, which presumes participation in the Stock Matching Plan, Senior Management, after a three-year vesting period, has the right during a period of four years thereafter, to acquire additional Investor shares of class B ("Performance Shares") at a price corresponding to 50 percent of the Participation Price conditional upon the total return on the Investor shares exceeding a certain level during the vesting period. The total return is measured during a three-year qualification period (quarterly measurement on running 12-month basis where the total outcome is estimated as the average total return during the three years based on 9 measurement points). In order to give the participants the right to acquire the maximum number of Performance Shares, the average annual total return of the Investor share (including reinvested dividends) must exceed the interest on 10-year government bonds by more than 10 percentage points. If the total return does not exceed the 10-year interest on government bonds by at least 2 percentage points, then Senior Management is not entitled to acquire any Performance Shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, then a proportional (linear) calculation of the number of shares that may be acquired shall be made. The theoretical value of the opportunity to acquire Performance Shares for Senior Management shall amount to between 20 and approximately 53 percent of the respective Senior Manager's fixed cash remuneration for 2020 (for the President, approximately 53 percent).

Dividend adjustment
When the Matching Shares and Performance Shares are acquired, the employee receives compensation for dividends paid during the vesting period and up to the date of acquisition in order for the program to be dividend neutral.

Hedge contracts for employee stock option and share programs
Investor's policy is to implement measures to minimize the effects on equity from the programs in the event of an increase in Investor's share price. For programs implemented in 2006 and later, Investor has previously been repurchasing its own shares in order to guarantee delivery.

Summary of Investor's long-term share-based variable remuneration programs 2014-2020

Matching Shares 2014-2020

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Matching Shares forfeited in 2020	Matching Shares exercised in 2020	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	28,089	–	–	156	52	575.60	27,881[4]	467.93	516.96	10.00	12/31 2026	3
2019	32,671	32,651	581	1,047	221	574.68	31,964[4]	379.81	422.53	10.00	12/31 2025	3
2018	32,172	31,655	557	1,389	278	574.77	30,545[4]	333.01	370.47	10.00	12/31 2024	3
2017	28,482	28,330	380	24	9,996	540.17	18,690	355.53	395.69	10.00	12/31 2023	3
2016	49,948	38,575	618	–	26,410	567.27	12,783	246.40	274.01	10.00	12/31 2022	3
2015	37,671	26,721	302	–	19,838	556.94	7,185	293.33	326.18	10.00	12/31 2021	3
2014	55,451	26,568	398	–	26,962	536.23	4	219.51	244.29	10.00	12/31 2020	3
Total	**264,484**	**184,500**	**2,836**	**2,616**	**83,757**		**129,052**					

1) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See page 74 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares can be exercised before the end of the vesting period. Matching Shares that have already vested must be exercised within 3 months from the end of employment if the employment lasted less than 4 years and 12 months if the holder has been employed longer.
4) Matching Shares not available for exercise at year-end.

Matching Options 2014-2020

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2020	Number of Matching Options exercised in 2020	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	56,178	–	312	–	–	55,866[4]	28.98	37.57	632.60	12/31 2026	3
2019	65,342	64,777	2,060	435	574.68	62,282[4]	21.98	24.45	519.20	12/31 2025	3
2018	64,344	60,995	2,666	663	563.07	57,666[4]	21.50	23.95	456.60	12/31 2024	3
2017	56,964	53,989	–	13,161	546.53	40,828	27.57	30.70	486.90	12/31 2023	3
2016	99,896	68,307	–	45,644	565.63	22,663	28.32	32.69	340.90	12/31 2022	3
2015	75,342	49,338	–	37,560	542.46	11,778	38.77	44.76	403.30	12/31 2021	3
2014	110,902	39,722	–	39,722	558.62	–	29.86	34.41	304.50	12/31 2020	3
Total	**472,790**	**337,128**	**4,726**	**137,185**		**195,217**					

1) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See page 74 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Options can be exercised before the end of the vesting period. Matching Options that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Options not available for exercise at year-end.

Note 11 *Employees and personnel costs*

Performance Shares 2014-2020

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Performance Shares, forfeited in 2020	Performance Shares exercised in 2020	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)
2020	129,726	–	–	–	–	–	129,726[3]	119.56	133.85	263.59	12/31 2026	3
2019	143,814	144,939	2,653	–	–	–	147,592[3]	97.28	107.53	210.82	12/31 2025	3
2018	132,371	137,623	2,521	–	–	–	140,144[3]	86.63	95.92	179.70	12/31 2024	3
2017	121,591	129,123	1,081	54,930	18,988	541.10	56,286	92.81	102.77	187.62	12/31 2023	3
2016	231,067	115,119	1,752	–	79,904	558.18	36,967	66.74	74.26	127.88	12/31 2022	3
2015	163,585	86,994	991	–	74,158	553.73	13,827	80.59	89.84	146.09	12/31 2021	3
2014	258,017	88,963	1,386	–	90,349	563.43	–	62.79	70.03	107.34	12/31 2020	3
Total	**1,180,171**	**702,761**	**10,384**	**54,930**	**263,399**		**524,542**					

1) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See below for specification of the basis of calculation.
3) Performance Shares not available for exercise at year-end.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. The adjustment is based on average historical outcome.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	2020			2019		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	527.17	527.17	527.17	432.71	432.71	432.71
Strike price	10.00	632.60	263.59	10.00	519.20	216.36
Assumed volatility[1]	21%	21%	21%	21%	21%	21%
Assumed average term[2]	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend[3]	0%	2.9%	0%	0%	3.3%	0%
Risk-free interest	–0.32%	–0.32%	–0.32%	–0.39%	–0.39%	–0.39%
Expected outcome[4]			50%			50%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.
3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.
4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.

Patricia Industries' program for long-term variable remuneration

It is the Board of Directors' ambition to continuously ensure a strong alignment between the variable remuneration of employees of Patricia Industries ("PI") and the value creation in the PI portfolio. The purpose of the PI program is to encourage employees to build up significant economic holdings in Investor shares as well as, directly or indirectly, in existing and future investments made by PI.

In summary, the PI program is built on the same structure as the Investor program, but is related to the value growth of PI. The instruments in the PI program are granted under two different Plans, as further described below: (i) The PI Balance Sheet Plan (the "PI-BS Plan") and (ii) The PI North America Subsidiaries Plan (the "PI-NA Plan"). The instruments have a duration of up to seven years and participants are granted, conditional upon making a personal investment in Investor shares or the use of already held Investor shares, instruments that vest after a three-year vesting period and may be exercised and/or settled during the four-year period thereafter (subject to applicable US tax laws).

Two categories of employees are offered to participate in the PI program: (i) PI Senior Management and (ii) Other PI Employees. Participants employed within the PI Nordic organization are only offered to participate in the PI-BS Plan whereas participants employed within the PI North America organization are offered to participate with 60 percent of their grant value (determined as described below) in the PI-BS Plan and 40 percent of their grant value in the PI-NA Plan.

General terms of instruments

The instruments granted under the PI-BS Plan and the PI-NA Plan are governed by the following terms and conditions:

- Granted free of charge.
- Instruments granted to Other PI Employees under the two Plans will replicate the structure of the Stock Matching Plan in Investor.
- Instruments granted to PI Senior Management under the two Plans consists both of instruments replicating the Stock Matching Plan in Investor and instruments subject to specific performance conditions replicating the structure of the Performance Plan in Investor.
- Vest three years after grant (the "Vesting Period").
- May not be transferred or pledged.
- Subject to vesting, the instruments may be exercised and/or settled during the four-year period following the end of the Vesting Period, subject to applicable US tax laws and provided that the participant, with certain exceptions, maintains the employment with PI and keeps the Participation Shares during the Vesting Period.
- Cash-settled.
- Participants receive remuneration for dividends paid from time of grant up to the date of exercise and/or settlement in order for the PI program to be dividend neutral.

Specific performance conditions for PI Senior Management

The following performance conditions apply to the instruments under the PI program allocated to PI Senior Management (replicating the structure of the Performance Plan in Investor).

Instruments granted under the PI-BS Plan: In order for participants to be awarded the maximum number of instruments, the compounded annual growth of the fair market value of PI's balance sheet must exceed the interest on 10-year Swedish government bonds by more than 10 percentage points. If the compounded annual growth of the fair market value of PI's balance sheet does not exceed the 10-year interest on Swedish government bonds by at least 2 percentage points, then participants will not be awarded any instruments. If the applicable compounded annual growth is between the 10-year interest on Swedish government bonds plus 2 percentage points and the 10-year interest on Swedish government bonds plus 10 percentage points, then a proportional (linear) calculation of the award shall be made. Performance is measured three times during the three-year Vesting Period, each measurement on a running 12-month basis.

Instruments granted under the PI-NA Plan: In order for participants to be awarded the maximum number of instruments the compounded annual growth of the North American operating subsidiaries of PI must exceed the interest on 10-year US government bonds by more than 12 percentage points. If the compounded annual growth of the fair market value of the North American operating subsidiaries of PI does not exceed the 10-year interest on US government bonds by at least 4 percentage points, then participants will not be awarded any instruments. If the applicable compounded annual growth is between the 10-year interest on US government bonds plus 4 percentage points and the 10-year interest on US government bonds plus 12 percentage points, then a proportional (linear) calculation of the award shall be made. Performance is measured once, at the end of the three-year Vesting Period.

Note 11 *Employees and personnel costs*

Summary of Patricia Industries' long-term share-based variable remuneration programs 2017-2020

PI-BS Plan

Matching Shares 2017-2020

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Matching Shares forfeited in 2020	Matching Shares exercised in 2020	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	19,757	–	–	–	–	–	19,757[4]	467.93	516.96	10.00	12/31 2026	3
2019	23,911	23,935	535	–	–	–	24,470[4]	379.81	422.43	10.00	12/31 2025	3
2018	25,280	23,352	523	–	–	–	23,875[4]	333.01	370.45	10.00	12/31 2024	3
2017	20,830	17,937	360	–	752	530.49	17,545	355.53	395.77	10.00	12/31 2023	3
Total	**89,778**	**65,224**	**1 418**	**–**	**752**		**85,647**					

Matching Options 2017-2020

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2020	Number of Matching Options exercised in 2020	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	39,514	–	–	–	–	39,514[4]	33.80	45.40	632.60	12/31 2026	3
2019	47,822	46,690	–	–	–	46,690[4]	26.30	48.37	519.20	12/31 2025	3
2018	50,560	44,980	–	–	–	44,980[4]	24.90	34.17	456.60	12/31 2024	3
2017	41,660	34,170	–	1,434	430.49	32,736	31.51	44.00	486.90	12/31 2023	3
Total	**140,042**	**125,840**	**–**	**1,434**		**124,406**					

Performance Shares 2017-2020

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Performance Shares forfeited in 2020	Performance Shares exercised in 2020	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	127,899	–	–	–	–	–	127,899[4]	119.56	133.85	263.59	12/31 2026	3
2019	152,948	152,512	3,358	–	–	–	155,870[4]	97.28	108.98	206.72	12/31 2025	3
2018	161,612	151,267	3,323	–	–	–	154,590[4]	86.63	97.67	179.56	12/31 2024	3
2017	132,442	114,139	1,411	41,833	2,323	536.38	71,364	92.81	106.11	189.62	12/31 2023	3
Total	**574,901**	**417,918**	**8,092**	**41,833**	**2,353**		**509,723**					

1) The value of Matching Shares, Matching Options and Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See page 76 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares, Matching Options and Performance Shares can be exercised before the end of the vesting period. Instruments that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Shares, Matching Options and Performance Shares not available for exercise at year-end.

PI-NA Plan

Matching Shares 2017-2020

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Matching Shares forfeited in 2020	Matching Shares exercised in 2020	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	9,339	–	–	–	–	–	9,339[4]	468.16	517.32	10.00	12/31 2026	3
2019	11,568	11,568	–	–	–	–	11,568[4]	380.83	424.12	10.00	12/31 2025	3
2018	13,110	11,769	–	–	–	–	11,769[4]	334.17	372.34	10.00	12/31 2024	3
2017	10,482	8,165	–	–	325	789.20	7,840	356.31	396.95	10.00	12/31 2023	3
Total	**44,499**	**31,502**	**–**	**–**	**325**		**40,516**					

Matching Options 2017-2020

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2020	Number of Matching Options exercised in 2020	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	18,678	–	–	–	–	18,678[4]	35.32	47.63	632.60	12/31 2026	3
2019	23,136	23,136	–	–	–	23,136[4]	29.80	53.60	519.20	12/31 2025	3
2018	26,220	23,230	–	–	–	23,230[4]	27.33	37.04	456.60	12/31 2024	3
2017	20,964	16,124	–	641	789.20	15,483	29.85	39.19	486.90	12/31 2023	3
Total	**70,320**	**62,490**	**–**	**641**		**61,849**					

Performance Shares 2017-2020

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Performance Shares forfeited in 2020	Performance Shares exercised in 2020	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	63,695	–	–	–	–	–	63,695[4]	122.29	137.94	263.59	12/31 2026	3
2019	72,497	72,497	–	–	–	–	72,497[4]	107.44	124.02	216.36	12/31 2025	3
2018	80,402	74,112	–	–	–	–	74,112[4]	96.80	112.51	187.82	12/31 2024	3
2017	67,237	53,282	–	–	2,222	789.20	51,060	99.89	114.76	200.33	12/31 2023	3
Total	**283,831**	**199,891**	**–**	**–**	**2,222**		**261,364**					

1) The value of Matching Shares, Matching Options and Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See page 76 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares, Matching Options and Performance Shares can be exercised before the end of the vesting period. Instruments that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Shares, Matching Options and Performance Shares not available for exercise at year-end.

Note 11 *Employees and personnel costs*

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	PI-BS Plan						PI-NA Plan					
	Matching Share		Matching Option		Performance Share		Matching Share		Matching Option		Performance Share	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Averaged volume-weighted price paid for Investor B shares	527.17	432.71	527.17	432.71	527.17	432.71	527.17	432.71	527.17	432.71	527.17	432.71
Strike price	10.00	10.00	632.60	519.20	263.59	216.36	10.00	10.00	632.60	519.20	263.59	216.36
Assumed volatility[1)]	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Assumed average term[2)]	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend[3)]	0%	0%	2.1%	2.4%	0%	0%	0%	0%	2.3%	3.7%	0%	0%
Risk-free interest	–0.32%	–0.39%	–0.32%	–0.39%	–0.32%	–0.39%	0.24%	2.18%	0.24%	2.18%	0.24%	2.18%
Expected outcome[4)]					50%	50%					50%	50%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.
3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.
4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.

Other programs in subsidiaries

Incentive program for selected employees within Patricia Industries

A limited number of employees within the former Investor Growth Capital (IGC) participate in a profit-sharing program based on realized proceeds from investments that was made within IGC. During the year, a total of SEK 19m was paid out to employees from this program (6), where of SEK 9m to member of the Extended Management Group in Investor (3). The provision (not paid out) on unrealized gains amounted to SEK 66m at year-end (42), where of SEK 31m to member of the Extended Management Group in Investor (20).

Incentive programs in Patricia Industries' subsidiaries

Senior executives and selected senior staff in BraunAbility, Laborie and Sarnova, are offered the opportunity to invest in Stock Appreciation Rights and Stock Options in the respective subsidiary. These instruments are mainly cash settled and the participants do not need to make any initial investment.

Management Participation Programs

Board members and senior executives in unlisted investments, including Mölnlycke, Permobil, Piab, Vectura, BraunAbility, Sarnova and Laborie are offered the opportunity to invest in the companies through management participation programs or similar. The terms of the programs are based on market valuations and are designed to yield lower return to the participants than that of the owners if the investment plan is not reached but higher return to the participants than that of the owners if the plan is exceeded.

Profit-sharing program for the trading operation

This program includes participants both from the trading organization and the investment organization. The participants in this program receive, in addition to their base salary, a variable salary equivalent to 20 percent of the trading function's net result. The program includes a clawback principle by which 50 percent of the variable salary allotment is withheld for one year and will only be paid out in full if the trading result for that year is positive. In order to receive full allotment, two consecutive profitable years are required. In total, approximately 10-15 employees participate in the program.

Accounting effects of share-based payment transactions

Costs relating to share-based payment transactions, SEK m	2020	2019
Group		
Costs relating to equity-settled share-based payment transactions	52	62
Costs relating to cash-settled share-based payment transactions	74	206
Social security relating to share-based payment transactions	112	87
Total	**238**	**355**
Parent Company		
Costs relating to equity-settled share-based payment transactions	28	26
Costs relating to cash-settled share-based payment transactions	12	14
Social security relating to share-based payment transactions	47	48
Total	**87**	**88**

Other effects of share-based payment transactions, SEK m	2020	2019
Group		
Effect on equity relating to Stock-Options exercised by employees	85	48
Carrying amount of liability relating to cash-settled instruments	401	403
Parent Company		
Effect on equity relating to Stock-Options exercised by employees	85	48
Carrying amount of liability relating to cash-settled instruments	38	32

Note 11 *Employees and personnel costs*

Remuneration to the Board of the Parent Company
At the 2020 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 10,950t (11,700), of which SEK 9,675t (10,425) would be in the form of cash and synthetic shares and SEK 1,275t (1,275) would be distributed as cash remuneration for committee work done by the Board of Directors.

Synthetic shares 2008-2020
Since 2008, Board members have been given the opportunity to receive a part of their gross remuneration, excluding committee fees, in synthetic shares. AGM's decision regarding synthetic shares 2020 is essentially identical to the decision of the AGM 2019. In 2020, Board members were entitled to receive 50 percent of the proposed remuneration before tax, excluding remuneration for committee work, in the form of synthetic shares and 50 percent in cash (instead of receiving 100 percent of the remuneration in cash). A synthetic share carries the same economic rights as a class B Investor share, which means that the value of the Board of Director's remuneration in synthetic shares, just like for class B shares, is dependent upon value fluctuations as well as the amount of dividends during the five-year period until 2025, when each synthetic share entitles the Board member to receive an amount corresponding to the share price, at the time, of a class B Investor share. At the statutory meeting in May 2020 the Board approved, as in 2019, establishment of a policy pursuant to which members of the Board (who do not already have such holdings) are expected to, over a five-year period, acquire ownership in Investor shares (or a corresponding exposure to the Investor share, for example in synthetic shares) for a market value that is expected to correspond to at least one year's remuneration for board work, before taxes and excluding remuneration for committee work.

The Director's right to receive payment occurs after the publications of the year-end report and the three interim reports, respectively, during the fifth year following the general meeting which resolved on the allocation of the Synthetic Shares, with 25 percent of the allocated Synthetic Shares on each occasion. In case the Director resigns as Board member prior to a payment date the Director has a right, within three months after the Director's resignation, to request that the time of payment shall be brought forward, and instead shall occur, in relation to 25 percent of the total number of allocated Synthetic Shares, after the publications of each of the year-end report and the three interim reports, respectively, which are made during the year after the year when such request was received by the Company.

Expensed remuneration to the Board 2020

Total remuneration for 2020 (SEK t)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2020	Effect from Synthetic Shares exercised 2020	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2020[1]	Adjustment for dividend	Exercised Synthetic Shares, 2020	Number of Synthetic Shares on December 31, 2020
Jacob Wallenberg	2,800		380	3,180	325			3,505	3,281		60		3,341
Marcus Wallenberg	1,625			1,625				1,625					
Josef Ackermann[2]					305		28	332	4,146		68	1,079	3,135
Gunnar Brock[3]	375	375	200	950	392	83	28	1,452	5,025	764	84	1,079	4,794
Johan Forssell													
Magdalena Gerger	375	375	200	950	210	83	28	1,271	3,202	764	50	1,079	2,936
Tom Johnstone, CBE	375	375	95	845	392	83	28	1,347	5,025	764	84	1,079	4,794
Sara Mazur	375	375		750	181	83		1,014	1,833	764	34		2,630
Grace Reksten Skaugen	750		305	1,055				1,055					
Hans Stråberg	375	375		750	392	83	28	1,252	5,025	764	84	1,079	4,794
Lena Treschow Torell	375	375	95	845	392	83	28	1,347	5,025	764	84	1,079	4,794
Sara Öhrvall[4]					210		28	238	3,193		50	1,079	2,163
Total	**7,425**	**2,250**	**1,275**	**10,950**	**2,798**	**497**	**194**	**14,439**	**35,755**	**4,585**	**600**	**7,556**	**33,384**

1) Based on weighted average stock price for Investor B in the period June 22 to June 26, 2020: SEK 490.76.
2) Member of the Board until 5/8 2019.
3) Additional remunerations of SEK 1,573t to Gunnar Brock have been expensed in the subsidiaries.
4) Member of the Board until 5/8 2018.

Expensed remuneration to the Board 2019

Total remuneration for 2019 (SEK t)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2019	Effect from Synthetic Shares exercised/ forfeited 2019	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2019[1]	Adjustment for dividend	Exercised/ forfeited Synthetic Shares, 2019	Number of Synthetic Shares on December 31, 2019
Jacob Wallenberg	1,400	1,400	380	3,180		277		3,457		3,256	26		3,282
Marcus Wallenberg	1,625			1,625				1,625					
Josef Ackermann[2]					606		86	693	5,339		138	1,330	4,146
Dominic Barton[3]	188	375		563			−375	188		872		872	
Gunnar Brock[4]	375	375	200	950	606	74	86	1,717	5,339	872	145	1,330	5,025
Johan Forssell													
Magdalena Gerger	750		200	950	467		86	1,503	4,421		111	1,330	3,202
Tom Johnstone, CBE	375	375	95	845	606	74	86	1,612	5,339	872	145	1,330	5,025
Sara Mazur	375	375		750	139	74		964	927	872	34		1,833
Grace Reksten Skaugen	750		305	1,055				1,055					
Hans Stråberg	375	375		750	606	74	86	1,517	5,339	872	145	1,330	5,025
Lena Treschow Torell	375	375	95	845	606	74	86	1,612	5,339	872	145	1,330	5,025
Peter Wallenberg Jr.[5]							86	86	1,309		21	1,330	
Sara Öhrvall[6]					467			467	3,103		90		3,193
Total	**6,558**	**3,650**	**1,275**	**11,513**	**4,103**	**649**	**230**	**16,495**	**36,453**	**8,488**	**998**	**10,184**	**35,755**

1) Based on weighted average stock price for Investor B in the period May 10 to May 16, 2019: SEK 430.02.
2) Member of the Board until 5/8 2019.
3) Member of the Board until 11/14 2019.
4) Additional remunerations of SEK 1,588t to Gunnar Brock have been expensed in the subsidiaries.
5) Member of the Board until 5/12 2015.
6) Member of the Board until 5/8 2018.