



English convenience translation of Swedish original. In case of discrepancies between the Swedish original and the English translation, the Swedish original shall prevail.

THE BOARD'S PROPOSAL REGARDING GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The board proposes that the Annual General Meeting resolves on the following guidelines for remuneration to senior executives. The objective of the guidelines is that remuneration to senior executives shall, considering the industry in which the company operates and the area of responsibility of each executive, be competitive and enable the recruitment of new executives as well as to motivate and retain senior executives.

The remuneration shall comprise the following components, fixed salary, short and long-term cash based variable remuneration, pension and other benefits. In addition, the board may, from time to time, propose share or option based long-term incentive plans which shall be approved by the General Meeting.

Fixed salary shall be determined individually based on the executive's specific area of responsibility, experience, competence and achieved result. The fixed salary shall be evaluated at least every second year.

The short-term cash based variable remuneration shall be based on performance in relation to established targets. The targets shall be individual and measurable and linked to specific performance and process requirements. The short-term cash based variable remuneration to the CEO may not exceed 50 per cent of the fixed salary. For other senior executives, the short-term cash based variable remuneration may not exceed 40 per cent of the fixed salary.

Long-term cash based variable remuneration shall be linked to financial targets that reflect the value growth of the company. Long-term cash based variable remuneration to the CEO shall not exceed 70 per cent of the fixed salary. For other senior executives, the long-term cash based variable remuneration shall not exceed 40 per cent of the fixed salary. The long-term cash based variable remuneration shall generally be based on the fulfillment of performance targets during a three-year measurement period. It is expected that any outcome of long-term cash based variable remuneration be invested by the senior executive in shares or share related instruments (e.g. warrants) in the company in order to over time increase the executive's shareholding in the company and align shareholders' and senior executives' interests.

The company shall apply defined premium-based pension schemes, which means that the company pays premiums that represent a certain portion of the senior executive's salary. Senior executives who are not covered by the ITP-plan shall receive pension premiums, which, on an annual basis, shall not amount to more than 30 per cent of the annual fixed salary.

Other benefits shall not represent a substantial part of the total remuneration.

Senior executives whose employment are terminated at the initiative of the company have a notice period of not more than 12 months. No severance payment shall be paid. The notice period is generally six months if the employment is terminated at the initiative of the employee.



The board shall be entitled to deviate from the guidelines if, in the individual case, there are special reasons for this. In such case, the board shall account for the reasons to the deviation at the following Annual General Meeting.

Båstad in March 2017

The Board of directors