

Board's report on the results of the evaluation of the application of the guidelines for remuneration to senior management, and related matters

According to the Swedish Corporate Governance Code, the remuneration committee established by the Board shall evaluate the application of the guidelines for remuneration to senior management established by the Annual General Meeting. According to the Code, the remuneration committee must also monitor and evaluate ongoing variable remuneration programmes for company management.

The guidelines for remuneration to senior management established by the 2017 Annual General Meeting state that remuneration shall consist of a fixed market-based salary and that no variable remuneration shall be paid. The guidelines also include sections concerning pension benefits, notice and severance payments.

The remuneration committee's evaluation of the application of the guidelines established by the 2017 Annual General Meeting has shown that the company has complied with the guidelines.

The 2016 Annual General Meeting approved a share savings programme aimed at around 40 members of senior management. In its previous evaluation, the remuneration committee noted, among other things, that all those invited participated in the share savings programme with virtually full engagement and that there was thus very strong interest in the programme.

In its continued evaluation, the remuneration committee has noted that only five people who have ended their employment have left the programme. The committee believes that the share savings programme has contributed to creating long-term commitment among people in senior management whose efforts are of great importance to the development of the company. According to the committee, developments have confirmed that it was appropriate to base entitlement to performance shares on return on capital employed and that the levels of return established for the allocation entitlement for such shares appears well judged. Evaluation of the share savings programme will continue.

Stockholm, March 2018

The Board of Directors