

## **Proposal regarding resolution on guidelines for remuneration to the management (item 18)**

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The board of directors proposes guidelines for remuneration and other terms of employment for management as set forth below.

For management, the company shall apply competitive remuneration in line with market practice and other terms of employment in relation to responsibility, authority, competence and experience. In addition to base salary, management shall be entitled to receive variable remuneration, which shall be based on performance. The variable remuneration is capped at 50 per cent of the base salary for the CEO and capped at 70 per cent of the base salary for other members of management. The notice period between the company and management shall be not more than 6 months and severance pay shall amount to not more than 18 monthly salaries (based on the base salary) for the CEO and 12 monthly salaries (based on the base salary) for other members of management. Prior to the age of 62, no right to pension shall apply. The CEO is covered by a premium based pension plan according to which the agreed contribution can amount to not more than 35 per cent of the base salary. Other members of management resident in Sweden are covered by the ITP plan, on top of which certain additional premium based contributions can be paid. The board of directors shall each year reflect on whether a share price related incentive program shall be proposed to the general meeting or not. All share price related incentive programs shall be resolved upon by the general meeting. If a board member is employed by the company, remuneration shall be paid to that board member according to these guidelines, and the board member shall not be entitled to any separate remuneration for the work as a board member. If a board member performs services to the company in addition to the work on the board, the remuneration paid shall be in line with market practice and the kind of work performed and effort made shall be taken into consideration.

These guidelines shall include all persons who for the period during which the guidelines apply are a part of the group management, other persons in a managerial position directly subordinated to the CEO as well as board members of the company. The guidelines apply to agreements entered into following the resolution of the annual general meeting and also where amendments are made to existing agreements after this point in time. The board of directors has the right to deviate from the guidelines if special reasons in an individual case are at hand, provided the deviation is accounted for and motivated afterwards.

For information on remuneration paid to executive management, please see note 3 in the annual report 2017.

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The board of directors