

The Board's report on the monitoring and evaluation of remuneration to senior executives in 2017

The Board of D. Carnegie & Co AB (publ) ("**D. Carnegie & Co**") as a whole performs the duties of a remuneration committee, which include preparing proposals on remuneration principles, benefits and other terms of employment for senior executives and evaluating existing programs for variable remuneration and the application of the guidelines for remuneration to senior executives adopted annually by the Annual General Meeting.

In accordance with the Swedish Corporate Governance Code, the Board hereby submits the following statement regarding the outcome of this evaluation.

In accordance with the guidelines for remuneration adopted by the Annual General Meeting, senior executives of D. Carnegie & Co shall receive competitive wages in line with market rates, as well as other terms of employment that are commensurate with their responsibility, authority, expertise and experience. In addition to fixed salary, the management may also receive variable remuneration, which shall be based on performance. Variable salary shall be equal to a maximum of 50 percent of the fixed annual salary for the CEO and a maximum of 70 percent of the fixed annual salary for other senior executives. The earliest time for receiving pension benefits is 62 years of age. The CEO is covered by a defined-contribution plan under which the contractual premium provision may not exceed 35 percent of base salary. Other senior executives resident in Sweden are covered by the ITP plan, beyond which some premium-based supplement may be paid.

The outcome of the 2017 remuneration package, as described above, was reviewed at the board meeting on 21 February 2018.

The company has introduced three long-term incentive programmes now in force in the form of warrant programmes which entitle the holders of warrants to subscribe for class B shares:

- the Annual General Meeting 2015 adopted one warrant program comprising 998,200 issued warrants, which may be exercised for subscription of shares from 21 May 2018 up to and including 31 August 2018 at a subscription price of SEK 72.84.
- the Annual General Meeting 2016 adopted another warrant program comprising 807 000 issued warrants, which may be exercised for subscription of shares from 21 May 2019 up to and including 30 August 2019 at a subscription price of SEK 113.50.
- the Annual General Meeting 2017 also adopted a warrant program comprising not more than 2,730,000 warrants, divided between three series, where each warrant of series 1 entitles to subscription of one share in D. Carnegie & Co during the period from and including 15 May 2020 up to and including 30 September 2022. Each warrant of series 2 under the same program entitles to subscription of one share in D. Carnegie & Co during the period from and including 1 May 2021 up to and including 30 September 2022 and each warrant of series 3 under the same program entitles to subscription of one share in D. Carnegie & Co during the period from and including 1 May 2022 up to and including 30 September 2022. All three warrant series under the warrant program 2017 have an exercise price corresponding to the average volume weighted share price of D. Carnegie & Co as quoted on Nasdaq Stockholm's official price list during the period 2 - 8 May 2017 (which was SEK 112,6) with an addition of SEK 50 (i.e. SEK 162,6).

The development of the programmes is evaluated regularly.

For a description of the company's long-term incentive program and additional information on all existing programs in the company, please see the 2017 Annual Report, note 3, and the company's website www.dcarnegiegroup.se/en.

The Board's assessment is that the program for variable remuneration and the long-term incentive program combined with other remuneration to the company's management has been effective and in accordance with the guidelines adopted by the Annual General Meeting, and that these collectively form a good balance between on the one hand motivating and rewarding management and on the other hand maintaining cost efficiency.

D. Carnegie & Co AB (publ)

The Board of Directors