

The Board of Directors of Lagercrantz Group AB's proposal to the Annual General Meeting on 25 August 2020 regarding guidelines for remuneration to senior executives

The Board proposes the following guidelines for remuneration to the President and other members of Group Management and Board members to the extent that they receive remuneration in addition to that approved by the general meeting of shareholders. The guidelines shall be applied to agreements entered into after the 2020 Annual General Meeting. Regarding employment conditions that are governed by regulations other than Swedish rules, appropriate adjustments may be made to comply with local rules and practices.

Remuneration to the President and senior executives

With the aim of attracting and retaining qualified employees who, in the best possible way, maximise long-term shareholder value and safeguard the Group's interests, the remuneration shall be market-related and competitive, and should be commensurate with responsibility and authority. Remuneration shall normally consist of fixed and variable salary, pension and other benefits. In addition to this, the general meeting of shareholders, for example, can resolve on incentive schemes and share-based remuneration.

The fixed salary shall be paid as a cash salary and constitute a main component in the remuneration. The fixed salary shall be reviewed annually. In addition to fixed salary, variable salary should normally also be paid where the outcome is determined annually after the audited annual accounts have been adopted. By linking the executive's variable salary to the company's goals in relation to earnings, growth and profitability, a development in value is promoted for the benefit of the company and its shareholders. The variable salary shall be linked to predetermined and measurable targets that may be financial or non-financial and individual performance. Variable salary should normally include pension expense on the variable salary and can correspond to a maximum of 40 percent of the fixed annual salary. In addition to this, an additional bonus of 20 percent of the variable salary received may be paid to be used for acquisition of shares in Lagercrantz Group AB.

Pension benefits are paid to the President and other senior executives in accordance with individual agreements. As a general rule, the retirement age shall be 60-65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. Premiums for defined contribution pensions must not exceed 40 percent of the pensionable salary. Salary waivers can be utilised for an enhanced occupational pension through one-off pension contributions, provided that the total cost for the company is neutral.

Other benefits, which may include company car, travel benefits, extra health and medical insurance, occupational health care and health and wellness training, and, where applicable, reimbursement for double accommodation costs, shall be market-based and only constitute a minor part of the total compensation.

In the event of termination by the company, a notice period of a maximum of 12 months shall apply. The notice period for the executive should normally reflect the notice period for the company and the estimated time it takes to find a replacement but must never exceed 12 months. In the event of termination by the company, senior executives may be entitled to, in addition to salary and other employment benefits during the notice period, termination benefits corresponding to a maximum of 12 months' fixed salary. The aim should be to link rules on loyalty and a non-compete clause to the termination benefits in accordance with prevailing legal practice and rules on set-off against other income.

Share-based incentive programmes adopted by the Annual General Meeting

The Board shall evaluate the need for a share-based incentive programme on an annual basis and when necessary submit a proposal for approval at the general meeting of shareholders.

Fees to Board members

Lagercrantz Group's Board members elected by the annual general meeting can in special cases be compensated for services that do not constitute board work for a limited period of time. For these services (including services performed by a wholly-owned company of the member), the fees shall be market-based and the fees for each Board member during a period of one year may not be more than twice the annual director's fees.

Preparation and decision-making process

The Board has established a Remuneration Committee. The committee's duties include preparing the Board's resolution on a proposal to the annual general meeting on guidelines for remuneration to senior executives. The guidelines shall be adopted at the annual general meeting but shall be reviewed at least every four years. The Remuneration Committee shall also follow up and evaluate programmes for variable remuneration to senior executives, the application of guidelines for remuneration, compensation structures and remuneration levels for senior executives. Remuneration to the President shall be decided by the Board after preparation by the Remuneration Committee. At the suggestion of the President, the Remuneration Committee shall decide on remuneration to other members of the Management team. When the Board is dealing with and deciding on remuneration-related issues, the President or other senior executives are not present, to the extent that they are affected by the issues.

Departures from the guidelines

In individual cases, the Board may decide to depart from these guidelines if there are special reasons for this and a departure is made in order to safeguard the long-term interests of the Lagercrantz Group and its shareholders.

In preparing this proposal for remuneration guidelines, current salaries and terms of employment for the company's employees have been taken into account and formed part of the Remuneration Committee's and the Board's decision data.