

# Remuneration of senior executives

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## The report of the board of directors on the evaluation of the compensation paid to senior executives

The Board of Directors, in its capacity as the Compensation Committee of the company, has among its other tasks that of evaluating all variable compensation programmes for company management and the application of the company's guidelines for the compensation paid to senior executives as well as the compensation structures and compensation levels within the company. The Board of Directors may therefore, in accordance with section 10.3 of the Swedish Code of Corporate Governance, submit the following report on the results of the abovementioned evaluation. This report covers the period after the Annual General Meeting of 5 April 2018.

All senior executives have a compensation package consisting of fixed salary, variable salary, pension and other compensation such as a company car.

The Board of Directors, in its capacity as the Compensation Committee of the company, has monitored and continuously evaluated the company's programmes, both those ongoing and those that were terminated during the past year, for variable compensation paid to company management. The Board of Directors is of the opinion that the guidelines for the compensation paid to senior executives that were adopted by the 2018 Annual General Meeting have been applied in a correct manner. However, with the support of the Board's ability to deviate from the guidelines in individual cases where there are specific reasons to justify this, the Board has reached an agreement to cap variable compensation paid to the company's CEO at 55% of the annual fixed salary. This entails a departure from the guidelines adopted by the 2018 Annual General Meeting, which stipulates that the variable compensation shall be capped at 50% of the annual fixed salary. The reason for the deviation has been that the Board of Directors has, during the current bonus year, deemed it urgent to reinforce one of the three bonus objectives which, in connection with this, has been assigned an increased maximum value of 5% of the annual salary. To the 2019 Annual General Meeting the Board of Directors has proposed an adjustment of the guidelines under which the variable compensation paid to the CEO shall be capped at 55% of the annual fixed salary. In other regards, the Board of Directors considers that the variable compensation programmes have fulfilled their objectives and functioned well. At the 2018 Annual General Meeting, the company introduced a long-term incentive programme through the establishment of purchase options on shares in the company (LTIP 2018). LTIP 2018 runs for a three-year period. Moreover, the Board of Directors considers the company's remuneration structures and levels to be in line with market practice and well-balanced.

Malmö, Sweden, March 2019

The Board of Directors of Beijer Ref AB (public company)