

## Proposal by the Board of Directors of Lifco AB on guidelines for remuneration to senior executives

The Board of Directors of Lifco AB proposes that the 2016 Annual General Meeting resolves on the following guidelines for remuneration to senior executives. The guidelines are in line with the principles applied to date.

### 1. Scope of the guidelines, etc.

These guidelines cover remuneration and other terms of employment for individuals being part of the Group management of Lifco AB during the validity of the guidelines, in the following referred to as "senior executives". At present, the Group management has three members.

### 2. Basic principles and remuneration elements

The basic principle is that remuneration and other terms and conditions of employment for senior executives shall be based on market conditions and be competitive in all markets where Lifco operates, to ensure that competent and skillful employees can be attracted, motivated and retained. Individual levels of remuneration shall be based on experience, competence, responsibility and achievement.

The total remuneration to senior executives shall comprise basic salary, variable remuneration, pensions and other benefits.

### 3. Principles for various types of remuneration

#### Fixed remuneration

The fixed remuneration, meaning the basic salary, shall be based on the individual employee's area of responsibility, authority, competence and experience.

#### Variable remuneration

The allocation between basic salary and variable remuneration shall be proportional to the responsibility and authority of the employee. The variable remuneration shall be connected to predetermined and measurable criteria, established with the purpose to promote the long-term added value of the Company. As regards the CEO, the variable remuneration shall be capped at 70% of the basic salary. The variable remuneration shall be based on the individual goals proposed by the Remuneration Committee and set by the Board of Directors. Examples of such goals are earnings, volume growth, working capital and cash flow. In respect of other senior executives, the variable remuneration shall be based on the result within the executive's responsibility area as well as the outcome of individual goals.

In addition to the variable remuneration, share or share-related incentive programs approved by the AGM may occasionally be implemented.

#### Pension

Pension rights for the CEO shall apply from the age of 60 and for other senior executives from earliest the age of 60. Pension agreements shall be contracted according to national regulations applicable in the senior executive's country of residence. Pension levels shall be based on a certain share of the basic salary. Pension benefits shall be inviolable.

#### Terms of notice

Upon notice by the CEO, a notice period of six months shall apply. Upon termination of employment by the Company, a notice period of maximum twelve months shall apply, with right for the CEO to obtain salary during such period. The termination pay shall not be set off against other income.

Upon termination of employment of other senior executives by the Company, the senior executive shall have the right to obtain salary during a notice period of maximum twelve months.

**Other benefits**

Other benefits such as company car, extra health insurance or occupational health service may be provided to the extent this is considered customary for senior executives holding equivalent positions on the labour market where the employee is active. The total value of such benefits shall, however, amount to a minor part of the total remuneration.

**4. Other**

The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting and to changes made in existing agreements after this date. The Board of Directors shall retain the right to deviate from the guidelines if motivated by particular reasons on an individual basis.

Information on remuneration, etc. to senior executives during the financial year 2015 is set forth on pages 28-29 and in note 11 of the 2015 Annual Report.

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Enköping in February 2016

**The Board of Directors of Lifco AB (publ)**