

## The report by the Board of Directors of Castellum AB (publ) on the Remuneration Committee's evaluation of remuneration to the executive management

According to the Swedish Corporate Governance Code, the Board of Directors shall establish a Remuneration Committee, whose task is to prepare the Board's decisions in matters concerning remuneration principles, remunerations and other terms of employment regarding the executive management, monitor and evaluate ongoing and during the year finished programs for variable remunerations to the executive management, and monitor and evaluate the application of such guidelines for remunerations to the executive management that the Annual General Meeting, by law, shall decide upon, and current remuneration structures and levels of remuneration in the company.

### **Castellum's Remuneration Committee**

The Board of Directors of Castellum has established a Remuneration Committee which consists of the Board members Charlotte Strömberg (the Chairman of the Board of Directors also Chairman of the Remuneration Committee), Per Berggren and Anna-Karin Hatt. The Remuneration Committee shall, in relation to the Board of Directors, have a preparatory function in respect of principles for remuneration, remunerations and other terms of employment regarding the executive management.

### **The Remuneration Committee's work**

During 2016, the Remuneration Committee has held three meetings. The Remuneration Committee has mainly worked with the following issues:

- Preparation of recruitments to the executive management and succession matters;
- Preparation of matters regarding remuneration to the executive management due to the acquisition of Norrporten AB and organisational changes within the group;
- Proposal to the Board of Directors regarding revision of the remuneration package to the executive management;
- Review of the status in respect of the annual profit based incentive program and three-year share price based incentive program and the annual profit based incentive program;
- Proposal to the Board of Directors in respect of parameters for evaluation of the progress regarding the individually determined factors for the annual profit based incentive program;
- Evaluation of the remuneration structures and the remuneration levels in Castellum, including follow-up and evaluation of the current remuneration program;
- Evaluation of the application of the guidelines for remuneration to the executive management resolved upon by the Annual General Meeting;
- Proposal to the Board of Directors regarding new guidelines for remuneration to the executive management;

- Annual evaluation of the Managing Director's performance and review of the Managing Director's evaluation of the managers within Castellum who reports directly to the Managing Director;
- Evaluation of the form for and the scope of the evaluation of the Board of Directors and the Managing Director; and
- Proposal to the Board of Directors regarding the report in respect of the evaluation tasks and other work that the Remuneration Committee has performed during the year.

#### **The Remuneration Committee's evaluation and assessment**

In its work, the Remuneration Committee has taken into consideration that Castellum shall uphold such remuneration levels and terms of employment necessary to recruit and maintain a competent group executive management with capacity and incentive to achieve established objectives, at costs adapted to the group. The overall principles in respect of the remuneration to the executive management in Castellum shall thus be terms adjusted to general market practice and competitiveness.

In its assessment, the Remuneration Committee has found that on-going, and during the year finished, incentive programs as well as the remuneration structures and the remuneration levels in Castellum are appropriate for this purpose. This also applies to other conditions of employment for the executive management. The Remuneration Committee has further concluded that the compensation provided to the executive management has been in accordance with the guidelines established by the Annual General Meeting. The application of the guidelines regarding compensation to executive management has, thus, been correct.

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Gothenburg January 19, 2017  
CASTELLUM AB (publ)  
The Board of Directors