

## **Report by the Board of Directors of Indutrade Aktiebolag (publ) on the evaluation in accordance with Chapter 9.1 of the Swedish Corporate Governance Code**

The Remuneration Committee held 3 meetings during the financial year 1 January – 31 December 2016. During the new financial year commencing 1 January 2017, the Remuneration Committee held 1 meeting. The Remuneration Committee has dealt with questions regarding the guidelines for compensation for the executive management, decisions on compensation to the CEO, assisting the CEO in compensation issues in respect of the other members of the executive management, as well as issues regarding ongoing and completed programmes for variable compensation.

The Annual General Meeting of Indutrade, resolved on 28 April 2014, in accordance with the Board's proposal, to implement LTI 2014 comprising not more than a total of 460,000 warrants in two series, for approximately 140 senior executives and other key employees within the Indutrade group. The purpose of the programme was to, in a simple way, reward and retain important employees as well as to promote and create a long-term commitment to the Indutrade group by the employees' own investments and subsequently attain an increased alignment of interests between the employees and Indutrade's shareholders. Following recalculation due to the carrying out of a bonus issue, each warrant entitles to subscription of three shares in Indutrade as from the registration of the warrants with the Swedish Companies Registrations Office (Sw. *Bolagsverket*) up to and including Friday, 18 May 2018, during certain subscription periods. In total, the participants acquired 285,000 warrants of Series I and Series II under LTI 2014. The price acquisition price was determined to SEK 15.20 per warrant in Series I and to SEK 11.60 per warrant in Series II, corresponding to the market price. The exercise price has been recalculated due to the bonus issue to SEK 118.80 per share for warrants in Series I, and to SEK 116.70 per share for warrants in Series II. Each warrant, up to the guaranteed number, entitles to a cash subsidy corresponding to 120 per cent of the price paid by the participants for the warrants in the programme. The cash subsidy will be paid by Indutrade to the participants on two occasions in equal parts (1/2), after half the duration of the programme and after three years. The pre-tax costs for the Company totals approximately SEK 5 million, of which SEK 1 million was recorded in the financial year 2016.

During the financial year 2016, a total of SEK 6 million was recognised for variable compensation to the CEO and other members of the executive management. The variable compensation for 2016 was capped to approximately SEK 14 million.

Further, the Remuneration Committee has reviewed the application of the guidelines for compensation and other terms of employment for senior executives, as adopted by the Annual General Meeting 2016, and has concluded that the guidelines both have been appropriate and complied with. There has been no need to utilise the option of departing

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from the guidelines in the event of special reasons. This is also set out in the auditor's statement pursuant to the Swedish Companies Act, Ch. 8, Sec. 54.

It is the he Remuneration Committee's assessment that the company's compensation structure and levels provide for a reasonable and competitive total compensation which enables recruitment and retaining of qualified co-workers.

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Stockholm, March 2017  
Indutrade Aktiebolag (publ)  
*The Board of Directors*