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THE BOARD'S REPORT OF THE COMPENSATION COMMITTEE'S EVALUATION OF REMUNERATION TO SENIOR EXECUTIVES

The board has, since the annual general meeting 2012, established a committee to carry out the tasks of a compensation committee under the Swedish Corporate Governance Code. The committee's tasks include monitoring and evaluation of variable remuneration programmes for senior executives, the application of the company's guidelines for remuneration to senior executives as well as current remuneration structures and levels within the company.

The board hereby presents the following report of the committee's evaluation, in accordance with rule 10.3 in the Swedish Corporate Governance Code.

The committee takes the view that the company's guidelines for remuneration to senior executives resolved by the annual general meeting 2018 have fulfilled their purposes, worked well and been applied in a correct manner. Moreover, the committee considers the company's remuneration structures and levels to be well-balanced and in accordance with market practice.

The annual general meeting 2015 adopted a long-term performance based incentive programme (LTI 2015). The annual general meetings of 2016, 2017 and 2018 adopted equivalent programmes (LTI 2016, LTI 2017 and LTI 2018). In 2018 and under the terms of LTI 2015 20,800 shares were transferred directly to the participants and 102,800 shares were sold on Nasdaq Stockholm by Concentric on behalf of the participants.

Delivery of shares will be made no later than October 2019 under LTI 2016, no later than October 2020 under LTI 2017 and no later than October 2021 under LTI 2018. The committee notes that the outcome of the programmes is dependent upon the value of the company's shares on the market and that the conditional right to exercise the performance stock options is dependent upon the criteria summarised in the table below.

Stock options	LTI 2018	LTI 2017	LTI 2016	LTI 2015
Employee stock options	50,170	60,320	84,700	61,800
Performance stock option 1	25,085	30,160	42,350	30,900
Performance stock option 2	25,085	30,160	42,350	30,900
Total stock options	100,340	120,640	169,400	123,600
Average exercise price, SEK	131.30	110.80	79.75	96.55
Criteria for performance stock option 1	2020 EPS ≥ SEK 10.00	2019 EPS ≥ SEK 8.00	2018 EPS ≥ SEK 10.00 ¹⁾	2017 EPS ≥ SEK 7.50 ¹⁾
Criteria for performance stock option 2	2018-20 Average ROE ≥ 25%	2017-19 Average ROE ≥ 25%	2016-18 Average ROE ≥ 25% ¹⁾	2015-17 Average ROE ≥ 25% ¹⁾
Number of participants	6	5	4	3
Conditioned by savings shares	25,085	31,010	46,793	30,900

¹⁾ *Criteria for performance stock options were successfully achieved.*

These LTI programmes will be continuously tracked on a yearly basis.

Stockholm in February 2019
Concentric AB (publ)
The board of directors