

*Unofficial English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.*

## **THE BOARD'S PROPOSAL FOR RESOLUTION ON TRANSFER OF OWN SHARES TO AN EMPLOYEE SHARE OWNERSHIP TRUST**

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### *The Joint Share Ownership Plan*

In order to enable a tax efficient delivery of shares under LTI 2017 to participants resident in the United Kingdom, Concentric wants to be able to invite them to take part in a Joint Share Ownership Plan (“**JSOP**”). Using the JSOP will not change any terms specified in LTI 2017, such that participants will receive the same pre-tax benefits for the same exercise proceeds subject to the same conditions regarding the lock-in period for holding savings shares, maintaining continuity of employment and achieving the relevant performance criteria. In addition, the total annual costs for Concentric using the JSOP are expected to be in line with those specified in the board's proposal on LTI 2017 under item 14 on the agenda.

Participants that accept this invitation will, instead of receiving an Employee Stock Option or a Performance Employee Stock Option under LTI 2017, receive (i) a Capped Employee Stock Option and (ii) Joint Ownership Rights together with an Employee Share Ownership Trust<sup>1</sup> (“**ESOT**”) in a Concentric share (for which they will pay in cash).

The Capped Employee Stock Option will provide the participant with the value of the Concentric share that would have been realised under LTI 2017 up until the cap. The cap will be determined at the time the Capped Employee Stock Option is issued to the participant based upon the value of the Concentric share at that time. The Joint Ownership Right will provide the participant with any benefits that would have been realised under LTI 2017 if the share price on exercise of the Capped Employee Stock Option exceeds the level of the cap. Participants that join the JSOP will automatically surrender their entitlement to regular Employee Stock Options and Performance Employee Stock Options provided under LTI 2017. Through both the Capped Employee Stock Option and the Joint Ownership Right, the participant is given the same opportunity to take part of the growth of value of the Concentric share had the participant not surrendered the rights to the options provided under LTI 2017.

To facilitate the JSOP, Concentric will transfer a number of own shares repurchased to the ESOT equal to the maximum number of share options which may be awarded to participants who elect to join the JSOP. As specified within the terms of a joint ownership agreement, these shares will be jointly owned by the ESOT and the respective participant.

If all the conditions for a participant to receive a Concentric share under a regular Employee Stock Option or Performance Employee Stock Option are met, then

- the participant will be eligible to exercise the respective Capped Employee Stock Option;
- the total funds paid by the participant to Concentric will be the same as the exercise price of the Employee Stock Option or Performance Employee Stock Option; and

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<sup>1</sup> The Employee Share Ownership Trust is a separate legal entity governed by independent trustees, who act within the guidelines as stipulated under the trust deed. These guidelines specify that any monies or shares received by the trust must be used solely for the provision of share schemes or other variable remuneration on behalf of Concentric.

- the ESOT will surrender its ownership rights in a jointly owned Concentric share and transfer the Concentric share to the participant as full and final settlement of their entitlement under LTI 2017.

If all conditions set out in LTI 2017 for the exercise of an Employee Stock Option or a Performance Employee Stock Option is not met, any participant in JSOP must surrender all his ownership rights in a corresponding jointly owned Concentric share to the ESOT and the participant may not exercise the Capped Employee Stock Option. Such shares will be retained in the ESOT and used for future share schemes or other variable remuneration purposes in Concentric.

The JSOP will result in Concentric incurring some up-front costs for setting up the necessary practical arrangements. However, the use of Capped Employee Stock Options will also cap social security contributions, such that the total annual costs are expected to be in line with those specified in the board's proposal on LTI 2017 under item 14 on the agenda. In summary, the JSOP gives the company an opportunity to offer LTI 2017 to participants resident in the United Kingdom in a more tax efficient solution than if the shares had been delivered to them through any other method, whilst ensuring that the conditions for the participants remain the same.

#### *Transfer of Own Shares*

In light of the foregoing, the board of directors proposes that the general meeting resolves on transfer of own shares to the Trust in accordance with the following.

1. The maximum number of shares that may be transferred to an ESOT is 120,000.
2. The ESOT is, with deviation of the shareholders' preferential rights, entitled to acquire all shares.
3. The shares will be transferred to the ESOT free of charge.
4. The shares must be transferred to the ESOT before 31 December 2017.
5. The number of shares that may be transferred to the ESOT may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2017.

The reason for the proposed transfer and for the deviation from the shareholders' preferential rights is to enable a tax efficient delivery of shares under LTI 2017 to certain participants resident in the United Kingdom.

The board proposes that a resolution under this proposal is to be subject to the general meeting having resolved to pass the board's proposal on LTI 2017 under item 14 on the agenda.

Resolution passed by the general meeting in accordance with the board's proposal for resolution on transfer of own shares to the ESOT is valid only when supported by shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the general meeting.

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Stockholm in February 2017  
**Concentric AB (publ)**  
*The board of directors*