

## **Remuneration policy**

This remuneration policy covers salaries and other terms for the management of KappAhl Holding AB (“KappAhl”), including salary and terms for the managing director, (below jointly referred to as “Management Persons”).

This remuneration policy shall apply to any agreement entered into and any amendment to existing agreements with Management Persons after the policy has been established by the annual shareholders’ meeting.

### **1. Fundamental Principles**

Salary and other employment terms and conditions shall enable KappAhl to attract and retain competent Management Persons.

### **2. Fixed Salary**

Management Persons shall be offered a market level fixed salary based on responsibilities and behaviour. Salary shall be established for calendar year periods.

### **3. Bonuses etc**

Management Persons may from time to time be offered bonuses. Such bonuses may not exceed 50 per cent of the fixed salary. Bonuses may on the initiative of a Management Person be converted into extra pension provision payment.

Bonuses shall primarily be based on the operating profit (EBIT) of the KappAhl Holding group. Bonuses shall be established per each financial year.

The board of directors and the remuneration committee shall annually assess if some form of share-related incentive programme shall be presented to the annual shareholders’ meeting.

### **4. Non-monetary benefits**

Management Persons are entitled to extra health insurance as well as all benefits enjoyed by other employees of the KappAhl Holding group.

### **5. Pension**

In addition to what is agreed in collective agreements and other agreements, Management Persons are entitled to arrange individual pension schemes. Relinquished salaries and bonuses can be used for increased pension provisions, provided that the total cost for KappAhl is unchanged over time.

### **6. Notice of termination and severance pay**

Management Persons and KappAhl are entitled to six months’ mutual notice of termination. No severance pay apart from salary during the period of notice shall be allowed.

## 7. Preparations and decision-making of the Board of Directors

The remuneration committee shall give recommendations to the board of directors.

The remuneration committee proposes and the board of directors makes decisions relating to the managing director's salary as well as his other employment terms and conditions. The remuneration committee makes decisions relating to salaries and other employment terms and conditions for other Management Persons.

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November 2008

*This document is an unofficial translation of the corresponding Swedish document. In the event of any discrepancies between the text contained in this document and the Swedish document, the latter shall prevail.*