

Remuneration Policy

This remuneration policy covers salary 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 principle

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 behavior. 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 primary be based on the operating profit (EBIT) of the KappAhl Holding group. Bonus 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 program 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 agreement, 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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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.