

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.

REMUNERATION POLICY

This remuneration policy covers salary and other terms for the management of KappAhl AB (publ) (“**KappAhl**”), including salary and terms for the Chief Executive Officer, (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 General 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 the employee’s responsibilities and behaviour. Salary shall be established for calendar year periods.

3. Bonuses etc.

Management Persons may from time to time be offered bonuses. The Chief Executive Officer and the Chief Financial Officer may be offered a bonus of a maximum of 50 percent of the fixed salary and other management persons may be offered a bonus of a maximum of 33 percent of the fixed salary. Bonuses may on the initiative of a Management Person, before the bonus is disposable, be converted into extra pension provision payment, through so called salary reduction plan.

Bonuses shall primarily be based on the operating profit (EBIT), or in exceptional cases in other measurable criteria, of the KappAhl Group and shall be established per each financial year. If all goals are fulfilled the total variable remuneration for the financial year 2018/2019 is expected to amount to not more than approximately MSEK 7 including social security payments.

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 General Meeting.

4. Non-monetary benefits

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

5. Pension

In addition to what is agreed in collective agreements or 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 etc.

Management Persons and KappAhl must normally observe a mutual period of six months' notice of termination. Severance payment in excess of unchanged salary during period of notice may occur for the Chief Executive Officer and may amount to a maximum of twelve months salary, less wages paid in other employment.

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 Chief Executive Officer'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 the other Management Persons.

The Board of Directors shall be entitled to deviate from these guidelines in individual cases if there are special reasons for doing so.

November 2018