

## **The Board of Directors of Bygghem Group AB (publ), Corp. Reg. No. 556656-3531 (the “Company”) report on the evaluation of remuneration to senior executives**

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Under the Swedish Corporate Governance Code (the “Code”), the Board of a company listed on a regulated market in Sweden must establish a remuneration committee tasked, primarily, with preparing items pertaining to remuneration policy, remuneration and other employment terms for senior executives for decision by the Board. Further, the remuneration committee must monitor and evaluate programs for variable remuneration to Company management, both ongoing and those concluded during the year, as well as monitor and assess the application of the guidelines for remuneration of senior executives, which the Annual General Meeting is legally required to pass resolution on and the applicable remuneration structures and levels in the Company. If the Board deems it more suitable, the full Board can discharge the tasks of the remuneration committee with the prerequisite that any Board member who is a member of the company management is excluded from participating in this work.

The Board of the Company deemed it appropriate that the full Board discharge the tasks of the remuneration committee.

### ***The Board’s work***

At the Board meeting on March 8, 2018, an evaluation was made of variable remuneration to company management and the guidelines for remuneration of senior executives approved by the Annual General Meeting and the applicable remuneration structures and levels in the Company.

### ***The Board’s evaluation and assessment***

In its work, the Board has taken into consideration that remuneration of senior executives is aimed at enabling the retention of and, when applicable, recruitment of qualified and competent senior executives. For these purposes, it is necessary to maintain just and internally balanced terms and conditions that, in parallel, are at competitive market rates in terms of structure, scope and level.

Total remuneration to Senior Executives comprises fixed salary, variable salary in the form of short-term incentives (STIs) based on annual performance targets, long-term incentives (LTIs) based on performance over a multi-year period as well as pension and other benefits. In addition to the aforementioned come the terms for notice of termination and severance pay.

The 2013 AGM resolved to adopt a warrants-based incentive program, whereby the participants are entitled to subscribe for new shares in the Company in the period from May 30, 2017 until November 30, 2017 at a price of SEK 42.8 per new share. The incentive program concluded as planned in 2017. A total of 262,000 new shares were subscribed for under the framework of the incentive program.

The 2015 AGM resolved to adopt a warrants-based incentive program, whereby the participants are entitled to subscribe for new shares in the Company in the period from May 30, 2018 until November 30, 2018 at a price of SEK 66.4 per new share. Following buybacks conducted by the Company in conjunction with personnel ending their employment, 390 000 warrants are outstanding and are held by participants in the incentive program.

The warrants-based incentive program adopted by the 2017 AGM entitles the holder to subscribe for new shares in the Company in the period from June 8, 2020 until December 7, 2020 at a price of SEK 67.5 per new share. Following buybacks conducted by the Company in conjunction with personnel ending their employment, 984 000 warrants are outstanding and are held by participants in the incentive program.

In addition to the LTI program, senior executives can be entitled to variable compensation within the framework of an STI program. Under the 2017 guidelines for the remuneration of senior executives, the program should be based on one or more predetermined performance targets (both qualitative and quantitative) over a fiscal year. Remuneration from the STI program is limited to a maximum of 100 percent of the fixed salary for the President and 40 percent of fixed salary for other management.

In its evaluation, the Board found that the remuneration structures and levels, including programs for variable remuneration and existing warrants programs, for senior executives in the Company were appropriate. This applies equally to other terms of employment.

Furthermore, the Board found that remuneration received by senior executives was in accordance with the guidelines approved by the Annual General Meeting. Accordingly, the application of the guidelines for remuneration to senior executives was correct.

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Stockholm, April 2018

**The Board of Directors of the Byggmax Group AB (publ)**