

## **GARO Aktiebolag (publ)**

### **Proposal for remuneration guidelines for the CEO and other senior managers**

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These guidelines concern the persons that during the guidelines duration are part of the Group management and other senior executives that report directly to the CEO, hereinafter referred to as “senior executives”.

GARO shall have the remuneration rates and terms of employment deemed necessary to recruit and retain management with good expertise and capacity to reach set objectives. Salary and other remuneration to senior executives at GARO should be set in accordance with market terms.

Senior executives shall have a fixed salary. In addition to fixed salary, variable remuneration rewarding achievement of clear performance related objectives in easy and transparent designs could be paid. Variable remuneration to the CEO shall not exceed two (2) MSEK per year and shall not be pensionable income. The variable remuneration to other senior executives shall not exceed 30 per cent of the fixed annual salary.

Share related incentive programmes are resolved by the General Meeting and do not fall under these guidelines.

The non-cash remuneration to the Group management, e.g. car allowance, computer, cell-phone, additional private health insurance or private health service, can be paid to the extent considered to be in accordance with relevant market terms for senior executives at other corresponding positions on the market on which the Company operates. The total value of these benefits shall constitute a minor part of the total remuneration.

Senior executives are entitled to pension benefits in accordance with the current ITP Plan or private occupational pension. Private occupational pension shall not exceed 30 per cent of the annual remuneration. Senior executives who are residing outside of Sweden or who are foreign nationals with their principal pension from another country than Sweden, can alternatively be offered other pension solutions that is reasonable in that country.

Notice payment and severance pay for members of the Group management shall in total not exceed 24 month's salary for the CEO and 12 month's salary for other members.

Remuneration to Board Members and deputy Board Members is resolved upon by the AGM in accordance with law to the extent that such remuneration constitutes compensation for board work. If a Board Member is employed by the company, remuneration is paid to such Board Member in accordance with these guidelines. Board Members employed by the company shall not receive separate remuneration for board assignments in the company or affiliate companies. If a Board Member conducts work for the company that is not board work, remuneration shall be paid on market terms

taking into account the nature and effort of the work. The remuneration shall be determined by the Board.

The Board of Directors shall have the right to depart from these guidelines in an individual case if it is motivated by certain reasons, provided that it is disclosed and motivated afterward.

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Gnosjö in April 2019  
**GARO Aktiebolag (publ)**  
*The Board of Directors*