

## **REPORT BY THE BOARD OF DIRECTORS ON THE EVALUATION OF REMUNERATION TO SENIOR MANAGERS, ETC.**

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GARO Aktiebolag (publ) (“GARÖ”) has not established a Remuneration Committee, since the Board of Directors found it more appropriate for the entire Board to fulfil the duties of the Remuneration Committee. The Board’s tasks *inter alia* include to monitor and evaluate (i) programs for variable remuneration for senior managers, (ii) the application of applicable guidelines for remuneration to the CEO and other senior managers, and (iii) current remuneration structures and remuneration levels in the company.

As set forth in Rule 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby gives the following report on the results of its evaluation.

The Board of Directors has, in accordance with its assignment, continuously monitored and evaluated the company’s programmes for variable remuneration to the CEO and other senior managers, and applicable guidelines for remuneration to the CEO and other senior managers. The Board has found that the company’s programmes for variable remuneration have been appropriate, and that applicable guidelines for remuneration to the CEO and other senior managers have been applied in a correct manner, and that the guidelines have fulfilled their objectives and functioned well. Accordingly, no changes of the guidelines will be proposed. The Board has also monitored and evaluated the remuneration structures and remuneration levels in the company and the Board finds these to be in accordance with market conditions and well-balanced.

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Gnosjö in April 2017  
**GARO Aktiebolag (publ)**  
*The Board of Directors*