

The board of directors' proposal for guidelines for executive remuneration 2020

The persons that, together with the CEO, form the group management fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Elanders shall be a global, and strategic partner to the customers in their business critical processes. By offering integrated and customized solutions for handling all or part of the customers' supply chain, the business critical processes may be optimized. The overriding goal is to be a leader in global and sustainable overall solutions within supply chain management and to best serve the customers' requirements on efficiency and delivery, prioritizing sustainability. The strategy is to act within niche areas in each marketing area where the group may achieve a market-leading position. In order to fulfil the long-term financial goals, and to achieve value growth and increase shareholder return over time, Elanders continually develops the company's offer to the customers. With new and improved services, total integrated solutions and implementation of innovative technology, a good platform for continuous growth and development as well as greater value for shareholders is created.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end it is necessary that the company offers competitive total remuneration, enabled by these guidelines. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary (basic wage), variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may irrespective of these guidelines resolve on, among other things, share-related or share price-related remuneration.

For the CEO and the CFO, variable cash remuneration may amount to, at most, 60 respectively 50 percent of the basic wage. For other executives, variable cash remuneration may amount to, at most, 40 percent of the basic wage. Additional variable cash remuneration, however not more than 100 percent of the basic wage, may exceptionally be awarded after resolution by the board of directors, for the purpose of recruiting or retaining executives in light of local market conditions.

For the CEO, pension benefits, including health insurance (Sw. *sjukförsäkring*), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to, at most, 35 percent of the fixed annual cash salary.

For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to, at most, 35 percent of the fixed annual cash salary.

Other benefits may include, for example, company cars and industrial health services (Sw. *företagshälsovård*). Such benefits may, in total, amount to a minor proportion of the total remuneration.

Termination of employment

The notice period may not exceed 18 months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the cash salary for 18 months as regards the CEO and 12 months for other executives. The period of notice may not exceed six months, without any right to severance pay, when termination is made by the executive.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated when the measurement period has ended (normally calendar year). The remuneration committee is responsible for the evaluation so far it concerns variable cash remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal to these remuneration guidelines, salary and employment conditions for all employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration as well as increase and growth rate over time. This information has then formed a basis for the remuneration committee's and the board of directors' evaluation of whether these guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration to the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. In 2019, the board of directors approved that variable remuneration to an executive resident abroad could exceed stipulated 40 percent of the basic wage. The reason is that the board of directors has deemed such derogation to be necessary in order to offer the executive competitive total remuneration in light of local market conditions.