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The board of directors of Instalco AB (publ) proposal on guidelines for remuneration to senior management

The board of directors proposes that the annual general meeting 2020 resolves on the following guidelines for salary and other remuneration to the members of the Board of directors, the CEO and other members of the company management (jointly "senior managers") in Instalco AB ("the Company"). The guidelines shall apply to the remuneration agreed upon, and changes made to already agreed remuneration after the guidelines have been adopted by the annual general meeting 2020. The guidelines do not cover remuneration decided by the annual general meeting.

Guidelines for promoting the Company's business strategy, long-term interests, and sustainability

Successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests, including its sustainability agenda, requires that the Company can recruit and retain qualified employees. This requires that the Company can offer competitive compensation. These guidelines enable senior managers to be offered a competitive total remuneration.

Variable cash benefits covered by these guidelines are intended to promote the Company's business strategy and long-term interests, including its sustainability agenda. This is accomplished through the financial and non-financial goals that determine the outcome of variable cash payments and have a clear link to the business strategy and the Company's sustainability agenda. The variable cash compensation is described in more detail in the section "Variable cash compensation" below.

For more information on the company's business strategy, please visit the company's website: instalco.se/business-concept.

The forms of compensation etc.

The total remuneration for each senior manager must be market-based and may consist of the following components: fixed cash salary, variable cash benefits, pension benefits, and other benefits. In addition, the general meeting can - and regardless of these guidelines - decide on, for example, share and share price related remuneration. Fixed and variable remuneration shall be related to the responsibility and authority of the senior manager.

Variable cash compensation

The fulfillment of criteria for payment of variable cash compensation must be measurable over one year. The variable cash allowance shall have a maximum limit and be related to the fixed salary and may amount to a maximum of 50 per cent of the fixed annual cash salary.

The variable cash compensation must be linked to predetermined and measurable criteria that can be financial or non-financial. These can also be individualized quantitative or qualitative goals. The outcome concerning these predetermined goals forms the basis for the total potential

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to receive variable cash payments. The criteria must be designed to promote the Company's business strategy and long-term interests, including its sustainability agenda, for example by having a clear link to the business strategy or promoting the long-term development of the senior manager.

When the measurement period for fulfilling the criteria for payment of variable cash compensation has been completed, the extent to which the criteria have been met shall be assessed/determined. The board is responsible for the assessment as far as variable cash payments are made to the CEO. As far as variable cash payments are concerned with other senior managers, the CEO is responsible for the assessment. As far as financial targets are concerned, the assessment shall be based on the latest financial information published by the Company.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such extraordinary arrangements are time-limited and made only at the individual level, either to recruit or retain senior managers or as compensation for extraordinary duties in addition to the manager's ordinary duties. Such compensation may not exceed an amount equal to 100 per cent of the fixed annual cash salary and shall not be paid more than once per year and individual. A decision on such remuneration for the CEO shall be made by the board on a proposal from the remuneration committee. A decision on such remuneration for other senior managers shall be made by the remuneration committee on a proposal from the CEO.

Pension and insurance

For senior managers, pension benefits, including health insurance, must be defined as a contribution. Variable cash benefits must be pensionable. Pension premiums for defined contribution pensions shall amount to a maximum of 35 percent of the fixed and variable annual cash salary.

Other benefits

Other benefits may include life insurance, health insurance, and car benefit. Such benefits may amount to a maximum of 15 percent of the fixed annual cash salary.

Regarding employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments must be made to comply with applicable such rules or fixed local practice, whereby the general purpose of these guidelines should be met as far as possible.

For senior managers stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines should be met as far as possible. Such benefits may amount to a maximum of 20 percent of the fixed annual cash salary.

Remuneration to board members in addition to board fees

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To the extent that non-employee members elected by the annual general meeting carry out work on behalf of the Company, in addition to the work of the board, consultancy fees and other remuneration for such work may be paid. A decision on consultancy fees and other remuneration to non-employed members elected by the annual general meeting is made by the board.

Termination of employment

Upon termination of employment, the period of notice may not exceed twelve months. The notice period should normally be six months for the CEO and three to six months for other senior managers. In the event of termination by the senior manager, the period of notice may not exceed six months, without the right to severance pay.

Fixed cash salary during the notice period and severance pay may not, in total, exceed an amount corresponding to the fixed cash salary for 18 months.

In addition, compensation for any commitment to restrict competition may be paid. Such remuneration shall compensate for any loss of income and shall only be paid to the extent that the former senior manager has no right to severance pay. Compensation shall amount to a maximum of 75 per cent of the fixed cash salary at the time of termination unless otherwise provided by mandatory collective agreement provisions and shall be payable during the period covered by the restriction of competition, which shall be no more than twelve months after termination of employment.

Salary and terms of employment for employees

In preparing the board's proposal for these remuneration guidelines, salaries and terms of employment for the Company's employees have been taken into account by the fact that information on employees' total remuneration, the components of the remuneration and the increase and rate of remuneration over time have been part of the board's decision basis when evaluating the reasonableness of the guidelines and the limitations that follow of these.

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

The Board has established a remuneration committee. The remuneration committee's tasks include preparing the board's decision on proposals for guidelines for remuneration to senior managers. The board of directors shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting.

The remuneration committee shall also follow and evaluate programs for variable remuneration for company management, the application of guidelines for remuneration to senior managers, and applicable remuneration structures and remuneration levels in the Company.

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The members of the remuneration committee are independent in relation to the Company and company management. In the Board's treatment of and decisions on remuneration-related issues, the CEO or other members of the manager management are not present, insofar as they are affected by the issues.

Deviations from the guidelines

The board of directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for this in an individual case and a departure is necessary to meet the Company's long-term interests, including its sustainability agenda, or to ensure the Company's financial viability. As stated above, it is part of the remuneration committee's tasks to prepare the board's decision on remuneration issues, which includes decisions on deviations from the guidelines.

Instalco AB (publ)
The board of directors