

Remuneration guidelines

These guidelines encompass salaries and other remunerations to Board members, the CEO and the Deputy CEO, as well as to other members of the management team of Catena AB (hereinafter referred to as “Senior executives”).

The guidelines have been reviewed ahead of the 2020 Annual General Meeting, primarily with the aim of adapting them to new statutory requirements that have recently been introduced in the Companies Act.

These remuneration guidelines shall be applied to all agreements entered into, or changes to existing agreements, with senior executives following the adoption of the guidelines by the Annual General Meeting.

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 in that information on employees’ total remuneration, the components of their remuneration and the rate of increase and the increase over time have formed part of the data on which the Remuneration Committee and the Board of Directors based its assessments and decisions regarding the reasonableness of the guidelines and the limitations that they cause.

1. Benefit of the guidelines for the Company’s business strategy, long-term interests and sustainability

For the Company’s business strategy to be implemented successfully and to safeguard the Company’s long-term interests, including its sustainability, the Company must be able to recruit and retain qualified employees. This requires that Catena is able to offer competitive remunerations, which these guidelines permit. Remunerations are to be market-based and competitive, and shall be justifiable in relation to responsibilities and authorisations.

2. Fixed salary

Senior executives shall be offered a fixed salary in-line with the market and based on the senior executive’s skills, experience, responsibility and conduct. Salary is to be set for each financial year.

3. Bonus, etc.

Senior executives may, from time to time, be offered bonuses. Such bonuses may not exceed 50 percent of annual fixed salary for the CEO and 25 percent for other senior executives, and shall be set for the financial year in question. Bonuses should primarily be based on the operational targets set for each manager's area of operations and based on profit from property management and the development of the project portfolio in accordance with the adopted financial statements for the year concerned.

The Remuneration Committee has proposed, within the framework mentioned above, that it be delegated with more closely determining and evaluating bonus targets for each senior executive.

In preparation for the 2020 Annual General Meeting, the Remuneration Committee has recommended that no share-related incentive programme be adopted.

Senior executives are entitled to additional health insurance and all other monetary and non-monetary benefits provided to other employees of the Group.

The Company's commitments to senior executives who may be subject to bonus targets are not calculated to exceed SEK 3,500,000 for 2020.

4. Pensions

The retirement age for the CEO and other senior executives is 65 years. For the CEO, pension payments are made corresponding to at most 35 percent of pensionable salary. For other senior executives, pensions are secured through the ITP plan and insurance plans, which are calculated based on the benefits applicable under the ITP plan (now, in all cases, ITP 2). The ITP plan entails premiums being determined based on the levels applicable under the relevant collective agreement.

5. Termination and severance pay

On termination by the senior executive, a period of notice of three to six months applies. On termination by the employer, a period of notice of five to twelve months applies. In addition to salary during the period of notice, severance pay is based on salary for zero to six months depending on the level of seniority of the position. Other principal terms for severance pay are stated in the Annual Report and it is proposed that these continue to be applied in 2020.

6. Preparations and decision-making by the Board of Directors

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision on proposed guidelines for remunerations to senior executives. The Board of Directors shall draw up proposals for new guidelines at least every four years and submit the proposals for approval by the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the AGM. The Remuneration Committee shall also monitor and assess programmes of variable remuneration for executive management, the application of the guidelines for remunerations to senior executives, and applicable remuneration structures and remuneration levels within the Company. The members of the Remuneration Committee are independent in relation to the Company and executive management. When the Board of Directors addresses matters involving remunerations and takes decisions on these, the Chief Executive Officer or other members of executive management are not to be in attendance to the extent they are affected by these matters.

The Remuneration Committee prepares and makes recommendations for the Board's decision regarding:

- Individual remunerations and other terms of employment for the CEO.
- Principles for the remuneration of senior executives who are members of the executive management and which is determined by the CEO.
- Any bonus programmes (that is, variable cash remunerations) for company employees, that must in particular specify limits for the maximum outcome that such programmes are expected to cost the Company.

Board of Directors, March 2020