

The Board's proposal for decision on guidelines for remuneration to senior executives (item 16)

The Board proposes that the Annual General Meeting resolves, for the period until the 2015 Annual General Meeting, to adopt the following guidelines for remuneration to senior executives. The proposed guidelines are unchanged compared with the guidelines resolved at the 2013 Annual General Meeting.

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background, a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of the shareholders.

The incentive system comprises a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles.

- Ratos's employees shall be offered competitive terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and group performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary to senior executives does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year the compensation is earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately one per cent of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value, but also take a personal risk by paying a market premium for the options.

With regard to the costs for the proposed option programmes, refer to the Board's proposal regarding call options (item 17) and synthetic options (item 19). Pension benefits are generally paid in accordance with the ITP Plan. For pension benefits that deviate from the ITP Plan, defined contribution pension benefits apply.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail in an individual case.

Stockholm, February 2014
Ratos AB (publ)
Board of Directors