

## **ACCOUNT ACCORDING TO THE SWEDISH CORPORATE GOVERNANCE CODE 10.3, LAST PARAGRAPH**

According to the Swedish Corporate Governance Code the board of directors shall submit a report for:

- the evaluation of ongoing and completed programs for variable remuneration to the senior management during the year (code 9.1. second paragraph),
- the evaluation of the application of the guidelines for remuneration to senior management to be decided by the AGM, as well as the applicable remuneration structures and remuneration levels in the company (code 9.1, third paragraph).

### **Evaluation variable remuneration**

*This evaluation of variable remuneration applies to the remuneration paid during the fiscal year 1 January – 31 December 2018 and which is based on the target fulfilment for respective person concerned in 2018 and on the guidelines for senior management that were adopted at the AGM 2018.*

At the AGM 2018, the AGM resolved regarding the board of directors proposal for guidelines for remuneration for senior management, which were in line with previous guidelines.

The board of directors deem that it is of the utmost importance that senior management receives market-based and competitive remuneration both in terms of fixed and variable compensation based on responsibility and performance.

The guidelines for senior management include the CEO and persons in management. Overall these persons total 5.

The criteria for determining remuneration shall be based in part on the importance of the tasks, and in part on the employee's competence, experience and performance. The forms of remuneration shall motivate senior management to do their utmost to ensure good financial and sustainable development for Powercell. There shall be a clear link between the outcome of variable remuneration and Powercell's financial and sustainable development. Senior management are, thus from time to time, entitled to variable remuneration depending on fulfilment of goals. The purpose of the goals is to promote Powercell's development in the short and long term.

The total annual remuneration can consist of the following parts:

- fixed base salary
- variable salary
- pension benefits
- other benefits

To view the company's complete guidelines for remuneration to senior management, see [www.powercell.se](http://www.powercell.se).

## **Evaluation of application of guidelines**

The board of directors' assessment is that Powercell pays remuneration that is both market-based and competitive. During the fiscal year 2018, variable remuneration in the amount of MSEK 1.2 was paid to the management groups, which in addition to the CEO, consists of the Deputy CEO, CFO, Director sales and aftermarket and Director product development. The CEO was paid MSEK 1.8 in fixed salary.

The company's pension terms are in line with what is customary in the market. Senior management can be offered premium-based or benefit-based pension agreements where pension provisions amount to a maximum of 25 percent of gross salary.

Overall, the board of directors believes that Powercell has a moderate and appropriate system for remuneration, both in terms of structures and levels in the company.

## **The Annual General Meeting 2019**

The proposed guidelines for the Annual General Meeting on 27 March 2019 are in substance consistent with the guidelines adopted at the Annual General Meeting 2018.

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*The Board of Directors in February 2019*