



REPORT BY THE BOARD OF DIRECTORS ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION PAYABLE TO SENIOR EXECUTIVES

The Board has appointed a Remuneration Committee for the purposes of performing the duties incumbent on a Remuneration Committee under the Swedish Corporate Governance Code. Among other things, the Remuneration Committee is tasked with monitoring and evaluating schemes offering variable remuneration, implementation of the company's guidelines for remuneration payable to senior executives, and the current remuneration structure and remuneration levels at the company.

In accordance with items 9.1 and 10.3 of the Swedish Corporate Governance Code, the Board hereby presents the following report on the results of the Remuneration Committee's evaluation.

The Remuneration Committee considers that the Company's guidelines for remuneration payable to senior executives, which were adopted at the 2017 AGM, have achieved their purpose, worked well and have been applied correctly. The Remuneration Committee finds that the remunerations that have been paid as well as other terms of employment for senior executives are well in line with the adopted principles and its purposes. The Board considers that there is a well established and functional process for evaluation of compensation within the group.

In its evaluation of the company's long term incentive programs, the Remuneration Committee has come to the conclusion that the company's development since the establishment of the performance target level for the company's share savings program that was adopted by the 2016 AGM (LTIP 2016) and the current situation in the Eltel Group, entails that the set target level for LTIP 2016 has become irrelevant. This entails that LTIP 2016 is ineffective and potentially negative as an incentive for the participants and thereby for an increased shareholder value. The Board of Directors will therefore propose that the Annual General Meeting 2018 resolves to change the performance target of LTIP 2016, including to postpone the date of allocation of performance shares.

Bromma in April 2018

Eltel AB (publ)

the Board of Directors