

Report by the Board of Directors on the Remuneration Committee's Evaluation of Remuneration to Senior Executives, etc.

The Board of Directors of Arjo AB ("Arjo") has established a Remuneration Committee, comprised of chairman Johan Malmquist and Carl Bennet. Since the Annual General Meeting 2018, the Remuneration Committee has held three meetings at which minutes were kept, with continuous informal contacts when necessary.

The Remuneration Committee's tasks include to monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting, as well as current remuneration structures and levels in the company. As set forth in rule 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby gives the following report on the results of the evaluation by the Remuneration Committee. The report covers the period after the Annual General Meeting on 4 May 2018.

The Remuneration Committee has monitored and continuously evaluated the company's programs for variable remuneration for senior executives, both ongoing and those that have ended during the year.

The Remuneration Committee is of the opinion that the guidelines for remuneration to senior executives adopted by the Annual General Meeting have been applied in a correct manner, and that the programs for variable remuneration have fulfilled their objectives and functioned well. During 2018, the company has implemented a variable long-term bonus (LTI-bonus) that comprises consecutive plans with a three year performance period, awarding clear target based, measureable achievements with the purpose to promote the long-term added value of the company as well as retaining key persons on senior positions. First outcome within the LTI-bonus will be in 2021.

The Committee's opinion is that the current remuneration structures and levels in the company are in accordance with the market terms and are well balanced.

Malmö in March 2019

The Board of Directors of Arjo AB (publ)