

Proposal regarding guidelines for remuneration for the management

The Board of Directors proposes that the annual general meeting resolves to approve the Board of Directors' proposal regarding guidelines for remuneration for the senior management as set forth below which shall apply until the annual general meeting 2017. In this context, the senior management means the CEO of Scandic Hotels Group AB ("**Scandic**" or the "**Company**") and the executives in the Company and other group companies who, from time to time, are reporting to him and who are also members of the senior management, as well as members of the Board of Directors of the Company to the extent employment or consulting agreements are entered into.

Policy

Scandic shall offer a total remuneration in line with market conditions to enable the Company to recruit and retain the managers the Company needs to meet its short-term and long-term targets. The remuneration to the management may consist of fixed salary, variable salary, pension and other benefits. Long-term incentive programs may be offered in addition to the above and will in such case be submitted to the general meeting for approval.

Fixed salary

The fixed salary for the CEO and the other members of the senior management shall be in line with market conditions and mirror the demands and responsibility that the position entails as well as individual performance. The fixed salary for the CEO and the other members of the senior management is revised once every year, as per 1 January for the CEO and as per 1 April for the other members of the senior management.

To the extent a member of the Board of Directors carries out work for the Company or for another group company, in addition to the board work, consulting fees and/or other remuneration for such work may be payable.

Variable salary

The variable salary for the CEO and the other members of the senior management shall be based on the Company's fulfillment of objectives determined in advance. These objectives are determined for the promotion of the Company's/the group's short-term and long-term targets, long-term development, value creation and financial growth and shall be designed in a way that does not encourage an excessive risk-taking. The variable salary may not amount to more than 60% of the fixed annual salary for the CEO and not more than 35–50% of the fixed annual salary for the other members of the senior management. In this context, fixed annual salary means cash salary earned during the year, excluding pension, supplements, benefits and similar.

Long-term incentive programs

The aim of having long-term incentive programs would be to create a long-term commitment to Scandic, to attract and retain members of the senior management and key employees and to ensure the shareholder perspective.

Long-term incentive programs, if any, may constitute a complement to the fixed salary and the variable salary, with participants to be nominated based on, among other things, competence and performance. The outcome shall be dependent on the fulfillment of certain predetermined competence or performance requirements.

Pension

The pension benefits for the CEO and the other members of the senior management shall preferably consist of premium based pension plans, but may also be defined benefits pursuant

to collective agreements.

Other benefits and compensation

Fixed salary during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed salary for 18 months. The total severance payment shall for all members of the management be limited to the existing monthly salary for the remaining months up to the age of 65.

Other compensation may consist of other benefits that are customary and in line with market conditions, such as healthcare insurance, which shall not constitute a material portion of the total remuneration.

In addition thereto, additional compensation may be paid out in extraordinary circumstances, provided that such arrangement is made for management recruitment or retention purposes and is agreed on an individual basis. Such extraordinary arrangements may for example include a one-time cash payment, or a support package including relocation support, tax filing support, or similar.

Deviation from the guidelines

The Board of Directors may resolve to deviate from the guidelines if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.

Deviation from the 2015 guidelines

The 2015 guidelines authorize the Board of Directors to deviate from the guidelines if there, in an individual case, are special circumstances justifying that. The Board of Directors has in connection with the initial public offering approved a deviation from the guidelines in the form of a non-recurring variable remuneration (so-called IPO bonus) to certain executives. The Board of Directors considered such deviation justified considering the involvement in the listing process of the persons concerned. Further information on this non-recurring remuneration may be found in note 06 in the annual report for 2015.
