

CASTELLUM

The report by the board of directors of Castellum AB (publ) on the remuneration committee's evaluation of remuneration to the executive management

According to the Swedish Code of Corporate Governance, the board of directors shall establish a remuneration committee, whose task is to prepare the board's decisions in matters concerning remuneration principles, remunerations and other employment terms for the executive management, monitor and evaluate ongoing and during the year completed programs for flexible remunerations for the executive management, and monitor and evaluate the application of such guidelines for remunerations to the executive management that the Annual General Meeting, by law, will decide upon, and current remuneration structures and levels of remuneration in the company.

Castellum's remuneration committee

The board of directors of Castellum has established a remuneration committee, consisting of all members of the board of directors and with the chairman of the board of directors as chairman of the remuneration committee. The remuneration committee shall, in relation to the board of directors, have a preparatory function as regards issues concerning remuneration principles, remunerations and other employment terms for the executive management. Decisions concerning the current incentive program on the outcome of both the annual as well as the three-year program shall, however, be taken by the remuneration committee.

The remuneration committee's work

During 2011, the remuneration committee has held three meetings. At the first meeting, which was held in May 2011, a review of the situation regarding the share price related incentive program for the period June 2008 - May 2011 was conducted and the chairman was entrusted to ensure that payment is made to the entitled persons, as soon as settlement under the incentive program has taken place. Further, the remuneration program to the executive management was discussed. At the remuneration committee's meeting held in October 2011, an evaluation regarding remuneration to the executive management was carried out, and, following an evaluation regarding the remuneration structures and levels of remuneration in Castellum, the remuneration committee proposed to the board of directors a revised remuneration program to the executive management. As part of this work, a follow-up and an evaluation of the abovementioned incentive program, which includes the executive management of Castellum, was also conducted. At the remuneration committee's final meeting of the year, held in November 2011, a review of the situation regarding the annual performance based incentive program was conducted, and the chairman was entrusted to ensure that payment is made to the entitled persons, as soon as settlement under the incentive program has taken place. Finally, the annual evaluation of the CEO's work was made and a draft report on the evaluation tasks and other work that the remuneration committee has done during the year was prepared.

The remuneration committee's evaluation and assessment

In its work, the remuneration committee has taken into consideration that Castellum shall uphold such remuneration levels and terms of employment which are necessary in order to recruit and keep a management with a good level of competence and capacity to reach set goals and that, thus, market levels shall be the overall principle in respect of salary and other remunerations for the executive management in Castellum.

In its assessment, the remuneration committee has found that on-going, and during the year ended, incentive programs as well as the remuneration structures and the remuneration levels in Castellum are appropriate for this purpose. This also applies to other conditions of employment for the executive management. The remuneration committee has further concluded that the compensation provided to the executive management has been in accordance with the guidelines established by the Annual General Meeting. The application of the guidelines regarding compensation to executive management has, thus, been correct.

Gothenburg January 24, 2012
CASTELLUM AB (publ)
The board of directors