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ITEM 16 – THE BOARD’S FULL PROPOSAL TO EMPLOYEE STOCK OPTION PROGRAM B:2017

The board proposes that the annual general meeting decides to adopt the following employee stock option program.

The employee stock options are gratuitous and shall be allocated to certain employees in companies within the Axactor group pursuant to below (the "**Employee Option Holders**").

The total number of employee stock options that may be issued is maximum 15,000,000. There will be two categories of participants in the employee stock option program, see below. The Board’s distribution of employee stock options within each category respectively shall be differentiated with reference to position, responsibilities and performance within the group.

Category I New managing employees on country level (introduced through acquisition of new legal entities)

Category II New managing employees on country level (introduced through new employment)

To be entitled employee stock options, each Employee Option Holder shall in connection to receiving employee stock options enter into a separate Employee Stock Option Agreement (the "**Employee Stock Option Agreement**") with Axactor AB (publ) (the "**Company**"). The Employee Stock Option Agreement shall, in addition to the terms and conditions reflecting the board’s full proposal for the employee stock option program, contain terms and condition regarding inter alia confidentiality and disputes.

The following allocation of employee stock options shall apply within each category respectively.

Category	Maximum number of employees	Maximum number of stock options per employee	Maximum number of stock options within category
I	9	1 000 000	9 000 000
II	7	1 000 000	6 000 000

Further, the board shall be authorized to adjust the terms and conditions for the employee stock option program given that the adjustment of the terms and conditions do not conflict with the regulations as set out in chapter 16, the Swedish Companies Act.

TERMS AND CONDITIONS FOR THE EMPLOYEE STOCK OPTIONS

The employee stock options will be issued in the following tranches:

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2018 up to and including July 15, 2018 ("**Tranch 1**") for a price of 3,00 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2019 up to and including July 15, 2019 ("**Tranch 2**") for a price of 3,20 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2020 up to and including July 15, 2020 (“**Tranch 3**”) for a price of 3,50 NOK/share.

25 % of the stock options can be exercised to acquire shares in the Company as from June 1, 2021 up to and including July 15, 2021 (“**Tranch 4**”) for a price of 3,75 NOK/share.

All employee stock options, which are not due, may be exercised by the employee stock option holders if (i) a shareholder alone, or (ii) a shareholder who through an agreement with one or several other shareholder(s), controls more than 50 percent of all outstanding shares. The time period for exercising any outstanding employee stock options shall be 45 days as of the day when the Company make notice of such change of control.

The price as well as the number of shares that each employee stock option give the holder the right to acquire, can be subject to re-calculation pursuant to the terms and conditions for the warrants linked to this Employee Stock Option Program (according to the proposal in item 17b) following from fund issue, split, pre-emption right issue and similar measures.

Additional terms and conditions for the Employee Stock Option Holders’ right to acquire shares pursuant to the above are set out in the Employee Stock Option Agreement.

TERM AND EXPIRATION DATE

The employee stock options pursuant to above are valid from the issuing up to and including July 15, 2021 with the right for the Employee Stock Option Holders’ to call for the stock options pursuant to the above.

The employee stock options are non-transferable. The right of delivery of shares after the call, presupposes that the current Employee Stock Option Holder’s employment in companies within the Axactor group persists on the day of allocation of the employee stock options.

THE BOARD’S MOTIVATION TO THE PROGRAM

The Board’s motive of the above mentioned Employee Stock Option Program is that a personal long term owner engagement among the employees is expected to stimulate an increase of interest for the business and the performance development, strengthen the motivation and the feeling of togetherness with the Axactor group and its shareholders. Thus, the Board assesses that the offer is profitable for the Company and its shareholders.

COSTS

In case of a positive share price development, the Employee Stock Option Program entail costs in form of social security contributions in connection with that the options are used for subscription of shares, which will be recognized as expenses when they are incurred. Based upon an assumed share price which exceeds the respective strike price with 25 per cent and a preliminary allocation of the employee stock options per country for taxation, the social security contributions amounts to approximately NOK 2 280 000.

In addition, there will be costs pursuant to the accounting recommendation IFRS2. This cost is estimated to a total amount of NOK 4 840 000, which will be divided during the vesting period of the stock options.

Besides from the above, minor costs in relation to the adoption of the program by help of an external consultant, will arise.

DELIVERY OF SHARES UPON CALL

To assure that the Company can fulfill its commitment to deliver shares after exercise of the employee stock option by the Employee Option Holders, the Board proposes that the Annual General Meeting shall issue warrants and authorize the Board to acquire own shares. Delivery of shares shall be made through transfer of warrants from a wholly owned subsidiary, which thereafter can be exercised for subscription of shares in the Company, or through transfer of re-acquired own shares.

The Board shall also have the right to, fully or partly, regulate the Company's commitments to the Employee Stock Option Holders pursuant to Employee Stock Option Program B:2017 through cash payment, which shall amount to the difference between the strike price per share pursuant to each warrant and the intra-day volume-weighted average share price as per the day of the exercise of the current stock option.

For a resolution, pursuant to the above, to be valid, the proposal shall be supported by shareholders represented by minimum nine tenths (9/10) of the votes as well as the shares represented at the annual general meeting.