

## **Proposal by the Board of Directors in Vostok New Ventures Ltd regarding long term incentive programme**

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The Board of Directors of Vostok New Ventures Ltd (“**Vostok New Ventures**” or the “**Company**”) proposes that the annual general meeting resolves on long-term incentive program for up to seven (7) employees in Vostok New Ventures Ltd (“**LTIP 2018**”) in accordance with the below. LTIP 2018 is a three-year performance-based incentive program which is substantially the same as the depository receipt-based incentive program from 2017 (“**LTIP 2017**”).

### ***Adoption of an incentive program***

#### *Summary of the program*

The Board of Directors proposes that the general meeting resolves to adopt LTIP 2018. LTIP 2018 is proposed to include up to seven (7) employees in Vostok New Ventures. The participants in LTIP 2018 are required to invest in Vostok New Ventures by acquiring shares in the form of depository receipts in Vostok New Ventures (“**Saving DRs**”). These Saving DRs are received by way of purchase of depository receipts (representing shares in Vostok New Ventures) at market value or transfer of depository receipts that such participant already holds in accordance with the terms set out under “Personal investment” below. The participants will thereafter be granted the opportunity to receive depository receipts free of charge in accordance with LTIP 2018, so called “**Performance DRs**” in accordance with the terms set out below.

In the event that delivery of Performance DRs cannot be achieved at reasonable costs, with reasonable administrative efforts or due to market conditions, participants may instead be offered a cash-based settlement.

#### *Personal investment*

In order to participate in LTIP 2018, the participant must have made a private investment by (i) purchase of depository receipts (representing shares in Vostok New Ventures) at market value and for a value of up to SEK 1,800,000<sup>1</sup> depending on the participants’ position in Vostok New Ventures in accordance with what is further described below, or (ii) by transfer of depository receipts that such participant already holds (provided that the participant holds at least 100% of annual net base pay in depository receipts) for a value of up to SEK 1,800,000<sup>2</sup> depending on the participants’ position in Vostok New Ventures in accordance with what is further described below. For each Saving DR held under LTIP 2018, the Company will grant the participants ten rights to Performance DRs, meaning rights to receive Performance DRs free of charge (“**Rights**”). The number of Performance DRs each participant’s Saving DRs entitles to depends on the Company’s fulfilment of the performance conditions. A participant cannot receive more than ten Performance DRs per Saving DR.

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<sup>1</sup> Corresponding to 25,000 depository receipts based on an assumed price of SEK 72 per depository receipt.

<sup>2</sup> Corresponding to 25,000 depository receipts based on an assumed price of SEK 72 per depository receipt.

The maximum amounts for the personal investments are based on an assumed market price of Vostok New Ventures' depository receipts of SEK 72. The market price of the depository receipts may have increased or decreased by the time of the personal investment and the Board of Directors is authorised to change the maximum amount of the personal investment to take into account any material changes to the price of Vostok New Ventures' depository receipts, in order to give as positive effects as possible for depository receipt holders in the Company.

#### *General terms and conditions*

Subject to the fulfilment of the entry level of the performance based conditions for the period 1 January 2018 to 31 December 2020 and provided that the participant has kept its investment in Saving DRs during the period from the day of allocation of the Rights until the day of the release of the interim report for the period 1 January to 31 March 2021 (the vesting period) and, with certain exceptions, kept its employment within the Vostok New Ventures group and not given notice of termination at such point in time, two Rights per Saving DR will vest and each Rights will entitle the participant to receive one Performance DR free of charge.

#### *Retention and performance conditions*

The number of Performance DRs each of the participant's Saving DR entitles to depends on the Company's fulfilment of the performance conditions during the measurement period. The performance conditions are based on the Net Asset Value per share ("**NAV per share**").

The determined levels of the conditions include an entry, a target and a stretch level as regards the number of Rights that vest. The entry level constitutes the minimum level which must be exceeded in order to enable vesting of Rights. If the entry level is reached or exceeded, each participant will receive two Performance DRs per Saving DR. If the target level is reached or exceeded, each participant will receive five Performance DRs per Saving DR. If the stretch level is reached or exceeded, each participant will receive ten Performance DRs per Saving DR.

The Board of Directors intends to disclose the outcome of the performance-based conditions in the annual report for the financial year 2020.

#### *The Rights*

The Rights shall be governed by the following terms and conditions:

- Rights are granted free of charge as soon as possible after the annual general meeting 2018.
- Vest following the publication of the Company's interim report for the period 1 January – 31 March 2021 (the vesting period).
- May not be transferred or pledged.
- Two Rights per Saving DR will vest and each Right will entitle the participant to receive one Performance DR after the end of the vesting period, if the entry level of the performance-based conditions has been fulfilled and the participant, at the time of the release of the interim report for the period 1 January – 31 March 2021, maintains its

employment within the Vostok New Ventures group, has not given notice of termination and maintains the invested Saving DRs.

- In order to align the participants' and the depository receipt holders' interests, the Company will compensate the participants for any dividends paid during the three year vesting period. Compensation will only be made for dividend resolved after the time of allocation.

#### *Preparation and administration*

The Board of Directors shall be responsible for preparing the detailed terms and conditions of LTIP 2018, in accordance with the mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Vostok New Ventures group or its operating environment would result in a situation where the decided terms and conditions of LTIP 2018 no longer serve their purpose.

#### *Allocation*

The participants are divided into different categories and in accordance with the above, LTIP 2018 will comprise the following number of Saving DRs and maximum number of Rights for the different categories:

- the CEO: may acquire up to SEK 1,800,000 worth of Saving DRs<sup>3</sup> within LTIP 2018, entitling the holder to allotment of not less than two and up to ten Rights per Saving DR;
- other members of management than the CEO (two individuals): may acquire up to SEK 576,000 worth of Saving DRs<sup>4</sup> within LTIP 2018, entitling the holder to allotment of not less than two and up to ten Rights per Saving DR;
- other employees (four individuals): may acquire in aggregate up to SEK 720,000 worth of Saving DRs<sup>5</sup> within LTIP 2018, entitling each holder to allotment of not less than two and up to ten Rights per Saving DR.

#### *Scope and costs of LTIP 2018*

LTIP 2018 will be accounted for in accordance with IFRS 2 which stipulates that the Rights should be recorded as a personnel expense in the income statement during the vesting period. The costs for LTIP 2018 is estimated to amount to approximately SEK 18.36 million, excluding social security costs, calculated in accordance with IFRS 2.

The costs for social security charges are calculated to approximately SEK 5.77 million, based on the above assumptions.

In addition to what is set forth above, the costs for LTIP 2018 have been based on that LTIP 2018 comprises up to five participants and that each participant makes a maximum investment.

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<sup>3</sup> Corresponding to 25,000 depository receipts based on an assumed price of SEK 72 per depository receipt.

<sup>4</sup> Corresponding to 8,000 depository receipts based on an assumed price of SEK 72 per depository receipt.

<sup>5</sup> Corresponding to 10,000 depository receipts based on an assumed price of SEK 72 per depository receipt.

If the maximum result is reached, and all invested Saving DRs are retained under LTIP 2018 and a fulfilment of the performance conditions of 100 percent, the maximum cost of LTIP 2018 as defined in IFRS 2 is approximately SEK 36.72 million and the maximum social security cost is estimated to approximately SEK 11.54 million.

The costs are expected to have a marginal effect on key ratios of the Vostok New Ventures group.

Upon maximum allotment of Performance DRs, 510,000 depository receipts representing shares in the Company may be allocated within the framework of LTIP 2018, which would correspond to approximately 0.60 percent of the share capital and the votes in the Company. A total of 2,094,351 depository receipts, which comprise the currently outstanding options under the 2010 Incentive Program (including 100,000 allocated options and 1,994,351 options that have not yet been allocated), maximum allotment of 430,000 depository receipts under LTIP 2016, maximum allotment of 450,000 depository receipts under LTIP 2017 and maximum allotment of 510,000 depository receipts under LTIP 2018 would correspond to approximately 4.12 percent of the share capital and the votes in the Company.

#### *Delivery of Performance DRs under LTIP 2018*

To ensure delivery of Performance DRs under LTIP 2018, the Company intends to hedge LTIP 2018 with either repurchased depository receipts, enter into a swap agreement or other similar agreement with a third party or by taking other measures deemed necessary by the Company.

#### *The rationale for the proposal*

The objective of LTIP 2018 is to create incentives for the management to work for a long-term development in the Company. Furthermore, LTIP 2018 shall create conditions for retaining competent employees in the Vostok New Ventures group through the offering of competitive remuneration. LTIP 2018 has been designed based on the view that it is desirable that employees within the group are depository receipt holders in the Company and that they see that working with a long-term horizon pays off. Participation in LTIP 2018 requires a personal investment in Saving DRs.

By offering an allotment of Performance DRs which are based performance-based conditions, the participants are rewarded for increased depository receipt holder value. Further, LTIP 2018 rewards employees' loyalty and long-term value growth in the Company. Against this background, the Board of Directors is of the opinion that the adoption of LTIP 2018 will have a positive effect on the Vostok New Ventures group's future development and thus be beneficial for both the Company and its depository receipt holders.

#### *Preparation*

The Company's Board of Directors has prepared LTIP 2016 and 2017, on which LTIP 2018 is based, in consultation with external advisors. LTIP 2018 has been reviewed and determined by resolution by the Board of Directors on 15 April 2018.

### *Other incentive programs in the Company*

Below are summaries of the current outstanding incentive programs in the Company. For more information about the incentive programs, please see the annual report 2017.

#### 2010 Incentive Program

The 2010 Annual General Meeting decided in accordance with the proposal from the Board of Directors to adopt an incentive program entitling present and future employees to be allocated call options to acquire shares represented by depository receipts in Vostok New Ventures. The program covers present and future employees. A total of 5,115,600 options were authorized under the program. A total of 100,000 options are currently outstanding. The option life is 7 June 2016 – 31 July 2019 and the exercise period is 1 June – 31 July 2019. If all options are exercised a total of 100,000 depository receipts could be allocated, which would correspond to approximately 0.12 percent of the share capital and the votes in the Company.

#### LTIP 2016

At the 2016 annual general meeting held on 17 May 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from 1 January 2016 through 31 March 2019, and encompasses a maximum of 430,000 shares, corresponding to a dilution of 0.59 percent of the total number of shares outstanding at the time of adoption of the program. Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value per share.

#### LTIP 2017

At the 2017 annual general meeting held on 16 May 2017, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from 1 January 2017 through 31 March 2020, and encompasses a maximum of 450,000 shares, corresponding to a dilution of 0.53 percent of the total number of shares outstanding at the time of adoption of the program. Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value.

### **Majority requirements**

Resolution in accordance with the Board of Directors' proposal in respect of item 14 requires support of shareholders representing not less than half of the votes cast as well as of the shares represented by depository receipts represented at the Meeting.

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April 2018  
**Vostok New Ventures Ltd**  
*The Board of Directors*