RULES OF PROCEDURE FOR

THE BOARD

OF

DIRECTORS

of

Paxman AB (publ)

559079-3898

Adopted by the constitutive Board Meeting

20/12/2016.
1. **Determination of Rules of Procedure**

These Rules of Procedure were accepted for the first time by PAXMAN AB (publ)'s ("The Company") board of directors on 20 December 2016, and are updated in an ongoing fashion. Assuming that nothing else is decided by the Company Board of Directors, these Rules of Procedure apply until the next Company Annual Meeting.

2. **The Board's overarching tasks**

The Board is responsible for the Company's organisation and overarching management of the Company business in accordance with the rules of the Swedish Companies Act (Aktiebolagslagen) and First North Nordic Rulebook's rules regarding the same, and shall also decide on issues of great strategic and economic importance.

The Board of Directors shall, on an ongoing basis, evaluate the Company's economic situation and safeguard that the bookkeeping, the administration of resources and the Company's economic situation in general is controlled in a reassuring manner.

that applicable regulations and instructions are fulfilled.

3. **Duties of Board Member**

The Board Member shall not have so many other duties that the Member is unable to devote sufficient time and care to the duties of the Board member in the Company.

The Board Member shall independently evaluate the issues presented to the Board, and bring forth the opinions and take the positions this leads to. The Board Member shall request the additional information that the Member considers necessary to make well founded decisions.

The Board Member is obligated to acquire knowledge about the Company's activities, organisation, market etc. that is required for the task.

Any new Board Member shall go through the required introductory training and any other training that the Chairman of the Board and the Member in consultation find suitable.

4. **The Board's vision of the Board's tasks etc.**

**General**

The Board Member's tasks shall be performed in accordance with the laws and regulations in force, the Articles of Association, the decisions arising out of the Shareholders' Meeting and these Rules of Procedure.

**Board Member's position**

The Member shall immediately inform the Chairman of the Board if circumstances arise that could endanger the Board's confidence in the Board Member. The Chairman will decide, primarily after conferring with such Member, on the appropriate measures.
Obligation of Secrecy
With the appointment to Board Member follows that the Member shall observe confidentiality regarding all the Company's business secrets and other confidential information.

Confidential information
The Company's external communication regarding confidential information shall be handled by the Company's Managing Director and/or the Chairman of the Board.
The Board Members shall observe First North's regulations regarding insider reporting and shall keep informed about changes to these.

5. The Board's work

Rules of Procedure for the Board
The Board shall, at the first Board Meeting after the Annual Meeting (constitutive Board Meeting) determine Rules of Procedure to apply until the next constitutive Board Meeting.
If circumstances require it, the Rules of Procedure can be revised by the Board on an ongoing basis. However, the decision to revise must be unanimous.

Division of labour between Board Members
All Board Members are responsible for performing their Board duties to the same degree unless otherwise decided at a Board Meeting or in accordance with these Rules of Procedure or law or regulation in force.

The Chairman of the Board
The Chairman of the Board shall lead the Board's work and is responsible for ensuring that the Board's work is performed efficiently. The Chairman is responsible for ensuring that meetings are held to the extent specified herein, and for maintaining close and ongoing communication with the Company's Managing Director.
If the Chairman leaves his appointment during his term, the Board shall among themselves elect a Chairman to serve until the end of the next Shareholders' Meeting.

Regarding Chairman who is a Company employee or is responsible for tasks in addition to the Chairmanship, this may not be construed to mean that tasks that are part of the ongoing management are taken over by the Managing Director.

The Chairman's tasks
The Chairman shall in particular
- Organise and lead the Board's work, encourage open and constructive debates during Meetings in which all Members participate, and create the best possible conditions for the Board's work.
- Ensure that the Board keeps up to date as well as develop its knowledge about the Company and its activities, and also receives the training that is required for the work to be performed efficiently.
- Consider the owners' opinions and make them known to the Board.
- Ensure that the Board receives satisfactory information and supporting material for its work.
• After conferring with the Managing Director, propose an agenda for the Board's meetings.
• Verify that the Board's decisions are effectively put into action.
• Ensure that the Board work is evaluated annually and that the nominations committee is informed about the results of the evaluation.

6. Board Secretary
The Company CFO is the acting Board Secretary. The Secretary shall keep minutes at Board Meetings and otherwise support the Board in matters both formal and concerning material rights.

7. Board Meetings

Number of Board Meetings
The Chairman of the Board shall ensure that Board Meetings are held to the extent required by the Swedish Companies Act. However, the Board shall, during the time between two consecutive ordinary Shareholders' Meetings, meet in person at least four (4) times. In the interim period, complementary Board Meetings shall be held via telephone/web once a month or as soon as the need arises. These telephone meetings comprise issues 1 – 4 in accordance with the list below.

Calling meetings and material
The Chairman of the Board can delegate to the Managing Director to call a Board Meeting. Notice of meeting and material shall normally be sent out at least seven (7) days before the Meeting or in such good time that all Board Members are given the opportunity to participate in and prepare for the Meeting.

The Company auditor shall receive a copy of the material for informational purposes, but isn't ordinarily called to the meetings.

In case a decision shall be made regarding a specific issue during the Board Meeting, a written basis for the decision shall be included in the material sent out before the Meeting in either digital or paper format. Regarding issues of an informational and/or discussion based nature, material may be distributed during the Meeting or presented orally.

Board Meeting items
Ordinary Board Meeting items

During an ordinary Board Meeting, the following items shall normally be addressed:
1. Minutes from the previous Meeting
2. The Company's economic and strategic development, as well as events of special importance to the Company's activities.
3. Presentation of any planned investment projects
4. Investment decisions
5. Update to the Board's activity list

Special items at constitutive Board Meeting

At the constitutive Board Meeting, in addition to what is said above, the following issues shall be discussed:
1. Election of Chairman of the Board
2. Determination of Rules of Procedure for the Board
3. Determination of work instructions for the Managing Director
4. Decision on who signs for the Company.
5. Determination of information policy.

Other issues that have been deferred to the Board by the Managing Director as well as those which shall be decided according to law or regulation
1. Adoption of business plan with goals and strategies
2. Issues of a strategic nature, matter of principle or otherwise large importance to the Company
3. Determination of annual budget
4. Determination of interim report
5. Submission of annual financial statement
6. Other issues that have been deferred to the Board or issues that follow from law or regulation or issues in accordance with Appendix 1.

Formulation of issues prior to the Board Meeting
The Chairman of the Board shall, in a suitable manner, ensure that issues requiring a decision by the Board have been properly prepared prior to the Meeting, and that the necessary basis for the decision is available to the Board.

Board Meeting minutes
The Chairman of the Board shall ensure that minutes are kept during the Board Meeting. The minutes shall include decisions made, a short background summary of the decisions as well as important points from essential conceptual discussions. The minutes shall be verified by the Chairman of the Board and one additional Member appointed by the Board. Minutes shall be delivered to the Chairman and verified within ten days, to then be distributed to the Board within fourteen days.

Board Meeting per capsulam
Board Meeting per capsulam can be held only if all Members; have been given the opportunity to participate in the handling of the issue, have received satisfactory information to be able to decide on the issue, and, if having participated in the meeting, have signed the minutes. Additionally, the Managing Director has the right to, in accordance with the Company Act and the applicable work instructions, make sole decisions in certain urgent cases.

8. Information and reports to the Board
The Board shall, in accordance with the Rules of Procedure for the Managing Director and on an ongoing basis, report instructions to the Managing Director about when and how such tasks shall be gathered and reported to the Board, which are needed for the Board's evaluation of the Company's financial situation and the fulfilment of the Board's general duties.

Among other things, the following shall be reported to the Board.
1. For each ordinary Board Meeting
   • statement on the Company's economic and strategic development.
   • statement on the economic and strategic development of any investment projects.
   • statement on ongoing investment evaluations

2. Quarterly
   • complete annual accounts
   • rolling earnings and liquidity prognosis for the coming six month period

3. Annually
   • annual financial statement and proposed annual report
   • proposed earnings and liquidity budget.

9. Rules of procedure for the Managing Director
   At the annual constitutive Board Meeting, the Board shall determine Rules of procedure for the Company's Managing Director, including, among other things, the division of labour between the Board on the one hand and the Managing Director on the other. The Board shall evaluate the work of the Managing Director on an ongoing basis. The Board shall address this issue at least once a year, at which time no person from Corporate Management may be present. The evaluation shall be performed no later than three months after the end of each fiscal year. The Managing Director shall ensure that the Board receives basis for decisions that are as factual, detailed and relevant as required for the Board to be able to make well-founded decisions, as well as up to date information on the development of the Company's activities between Board Meetings.

   The Board shall approve any essential tasks that the Management Director has outside the Company.

10. Evaluation of Board and Chairman
    The Board's work and the Chairman's manner of leadership shall be evaluated once a year, no later than three months after the end of the fiscal year.

11. Interpretation and amendment
    The Chairman of the Board, together with the Managing Director, is responsible for the interpretation and application of these Rules of Procedure.

    Any Board Member has the right to introduce proposals, such as amendment of or additions to these Rules of Procedure. This may be done orally or in writing to the Chairman or the Board when assembled. The Chairman and the Managing Director shall, in consultation with each other, process the submitted proposals, after which these shall as soon as possible be raised for discussion with the rest of the Board.
12. **Meeting with auditors**
The Board shall, at least once a year, meet with the Company auditor outside the presence of the Managing Director and Corporate Management.

13. **Internal Audit**
The Board shall evaluate the need for a special review function (internal audit) annually and in its internal control report motivate its decision on the matter. The evaluation shall take place in connection with the Board Meeting in May.

**Internal control**
The Board shall ensure that the Company has a system for internal control in place and keep up to date and review how this system works.

14. **Audit Committee**
The Board shall evaluate the need for a special Audit Committee annually. In case it is decided that no such need exists, the Board itself shall perform the following tasks:

- Prepare for the Board's quality control of the Company's financial reporting.
- Meet with the Company Auditor on an ongoing basis in order to stay informed of the focus of the Audit and its scope as well as discuss the coordination of the external and internal audits and the Auditor's view on the Company risks.
- Determine guidelines for what other services, in addition to auditing, the Company may contract for from the Company Auditor.
- Evaluate the audit work and inform the Company Nominations Committee about the results of the evaluation.
- Assist the Nominations Committee in the development of proposals for the auditor and remuneration of the audit work.

15. **Compensation Committee**
The Board shall evaluate the need for a special Compensation Committee annually. In case it is decided that no such need exists, the Board itself shall perform the following tasks:

- Agree on principles for compensation concerning the Managing Director and other officials in upper Management. The principles should at a minimum comprise the following information:
  
  I. The relationship between fixed and conditional compensation and the connection between work performance and compensation.
  II. Main conditions for bonus and incentive programs.
  III. Main conditions for non-monetary benefits, pension, termination of employment and severance pay.
  IV. Which set of officials are included.
Propose individual compensation to the Managing Director and other officials in upper Management, and at such a time also ensure that such proposals are compatible with the Company compensation principles determined by the Board, as well as give an evaluation of each official. At such a time, the Board shall obtain information regarding the total compensation that these officials receive from the group company and other associated companies.

Propose suitable employment contract templates for top officials.

Oversee the system through which the Company fulfils by law and listing agreements the applicable regulations concerning the publication of information relating to the compensation of the Managing Director and other senior officials.

16. The Board's annual program

First quarter
• annual financial statement from the previous year
• notes to the financial statement
• review of organisational and personnel developments
• evaluation of the Board and the Managing Director's performance
• evaluation of audit work

Second quarter
• management report
• internal control report and audited statement on the same
• corporate governance report
• closing financial statement for the first quarter and prognosis
• questions from the annual Shareholders' Meeting, attendance
• completion of the Compensation Committee's tasks
• the auditor's audit report
• submission of annual financial statement

Constitutive Board Meeting in connection with the annual Shareholders' Meeting
• authorised signatories
• audit of the Board's Rules of Procedure
• MD instruction including instruction on financial reporting
• other policies, including feedback on the previous year's adherence to existing policies

Third quarter
• half-yearly financial statement and prognosis
• business intelligence and market positioning

Fourth quarter
• financial statement for the third quarter
• taxation and dispositions
• business and investment budget
• strategy and development issues

Summary procedure for decisions and attestations can be found in Appendix 2.
APPENDIX 1 to Rules of Procedure for the Board in PAXMAN AB (publ)

Deciding on the matters below are not part of the Managing Director's jurisdiction and should be deferred to PAXMAN AB's Board

1) Change of business location;
2) Decisions regarding the focus of the business;
3) Determination of or amendments to the business plan;
4) Determination or amendment of rules for the management of the Company's liquid assets, taking out of loans or lodging of security;
5) Significant organisational change;
6) Contract regarding acquisition, transfer, divestment, assignment of usufruct or pledging of real estate, building lot rights or other installation assets such as machinery, inventory, building, patent, intellectual property right or other immaterial right - if the contract to a significant extent affects the Company's operation and/or the amount exceeds 500 000 SEK;
7) Contract regarding acquisition, transfer, divestment or pledging of stock or other share, convertible debt securities, debt securities combined with option rights to new share issue, profit share proof or other comparable financial instrument in subsidiary or affiliated company or decision regarding establishment, acquisition, divestment or discontinuation of subsidiary or affiliated company or line of business or contract regarding merger with another company;
8) Contract between the Company and a third party, if the contract to a significant degree affects the Company's activities, or the effective time of which exceeds 3 years and which amounts to at least 500 000 SEK;
9) Other than contracts of little importance between the Company and any of the Company shareholders or between the Company and any of the Company shareholders' affiliated physical or legal persons;
10) Investment in stock or share, convertible bond, bond combined with option rights for new share issue, profit share proof or other comparable instrument other than what is done in concordance with rules, which from time to time are determined by the Board for the management of the Company's liquid assets, taking out of loans and pledging of security or investment in real estate, building lot rights or other installation asset such as for example machinery, inventory, building or patent, trade mark, pattern rights, intellectual property right or other immaterial right with a total investment amount that at each separate occasion exceeds 500 000 SEK or which together in one fiscal year exceeds 1 000 000 SEK;
11) Taking out of loans or pledging of security or other commitment corresponding to an amount that at each separate occasion exceeds 500 000 SEK or that together in a fiscal year exceeds 1 000 000 SEK, however with the exception of such loans and securities which are taken out/pledged in accordance with the rules for the management of the Company's liquid assets, taking out of loans and pledging of security, as determined from time to time by the Board;
12) Appointment and dismissal of Managing Director;
13) Hiring of key personnel and general recruitment decisions;
14) Determination and distribution of Board Member compensation and
determination of Managing Director and Vice Managing Director salaries;
15) Budget approval, determination of annual financial statement and disposition
regarding the Company's profit or loss, and also
16) Other issues of serious importance to the Company
## Appendix 2

### 1. DECISION-MAKING PROCEDURE

<table>
<thead>
<tr>
<th>Issue to be decided</th>
<th>Comment</th>
<th>Shareholders' Meeting</th>
<th>The Board</th>
<th>Chairman</th>
<th>MD</th>
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