



## The Board's evaluation of remuneration to top ÅF executives during 2015 in accordance with sections 9.1 and 10.3 of the Swedish Corporate Governance Code

The Board's evaluation of remuneration to top ÅF executives is reported as follows.

ÅF's remunerations to top executives include both fixed and variable compensation. The variable components consist of a short term component determined by performance based criteria and a long term component relating to ÅF's long term goals. It is the Board's opinion that the remuneration models of the company promote and stimulate ÅF's overall goals.

The long term remuneration models have been annual performance share programmes or convertible debenture programmes. In 2012 and 2013, all employees in ÅF's Swedish companies were offered to partake in convertible debenture programmes on fair market terms. Performance share programmes (PSP) were offered to key personnel outside of Sweden.

The term of the PSP 2011 program expired during 2014 and the final matching of shares took place in July 2015. The targets of the PSP 2011 program were fully reached (100 %) and matching was made accordingly.

The term of the PSP 2012 program expired during 2015 and the matching of shares started in July 2015 as planned. The targets of the PSP 2012 program were largely met (87 %) and matching was made accordingly.

To promote the possibilities of handling the challenges presented by the integration of the Epsilon business, a special incentive programme was implemented in 2013. The programme was offered to a limited number of key persons and enabled extra compensation of up to 60% of the fixed salary paid from 2013 through 2015, to be paid if certain financial targets connected to the integration were reached by the end of 2015. The program has expired without any compensation being paid.

The convertible debenture programmes were divided into different allocations, the CEO being guaranteed a subscription of one million SEK and, if the debenture was not fully subscribed for, a maximum of three million SEK. The other top executives were guaranteed a subscription for five hundred thousand SEK, with a maximum of one and half million SEK. The rate of participation was almost 100 percent amongst the members of senior management team.

For key personnel in ÅF's business outside of Sweden, a performance share programme was offered in 2013 in accordance with the same principles as corresponding programmes of previous years. The programme entails delivering one matching share free of charge to participants who remain employed for three years, regardless of the development of ÅF's earnings per share, and up to five additional matching shares free of charge depending on the development of ÅF's earnings per share. The Board considers it to be of great importance and in the best interest for all shareholders in the company that key personnel in the ÅF Group has a long-term interest of increase in ÅF share value. The Board further believes that long term



incentive programmes stimulate employees to continued loyalty and good performance as well as increase the attractiveness for ÅF as an employer.

In 2014, the Annual General Meeting decided to implement a performance share programme on the same terms as in 2013, but with the difference that the programme was also offered to key personnel in Sweden as a replacement for previous years' convertible debenture programmes for such personnel.

The annual general meeting of 2015 decided to replace the PSP with a new convertible debenture program including the CEO, top executives and other key staff in ÅF in Sweden as well as abroad. The main features correspond to the proposal for the new convertible debenture program of 2016 but the program spans over the period 2015-2019. The CEO is guaranteed an allotment of debentures corresponding to a nominal amount of two million SEK, other top executives are (about 10) guaranteed so subscribe for one million SEK while key staff are guaranteed to subscribe for a nominal amount of three hundred thousand SEK per person.

Remuneration to members of the senior management team in ÅF is governed by principles prepared by the Board and adopted by the Annual General Meeting. The principles are subject to yearly reviews by the Board.

The Board concludes that the remuneration paid to the top executives in 2015 has been in accordance with the principles adopted for that year. In addition, the Remuneration Committee of the Board has evaluated the fixed and variable compensation levels and concluded that these are on par with market terms.

The Remuneration Committee is responsible for the compliance and follow-up of the adopted remuneration principles. Follow-up of the compliance with the principles is made annually and the results are reported to the Board with the annual report.

Stockholm, February 2016  
ÅF AB (publ)  
Board of Directors

*This English version is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.*