



The Board's evaluation of remuneration to ÅF senior management 2017 in accordance with 9.1 and 10.3 of the Swedish Corporate Governance Code

The Board's evaluation of remuneration to senior ÅF management is reported as follows.

ÅF's remunerations to 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 earlier 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 convertible debenture programmes were divided into different levels, 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 senior 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. The objective of the 2012 programme reached 87% and matchings were completed by the summer of 2016. In 2013 the objectives of the programme were fulfilled by 100% and the matchings started in July 2016 and completed in June 2017.

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 entailed 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.

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. Matchings for participants of the 2014 programme that remain as employees of ÅF is carried out between October 2017 and July 2018.

The annual general meeting of 2015 decided to replace the PSP with a new convertible debenture program including the CEO, senior executives and other key staff in ÅF in Sweden as well as abroad. 158 persons participates and the programmes are signed to 64,9%. The CEO are allowed to sign up to a level of SEK 6 000 000, senior executives up to SEK 3 000 000 and other key staff up to SEK 900 000. In 2015 no new PSP program was started.

In 2016 the Annual General Meeting decided to implement a similar convertible debenture program as the one implemented in 2015, targeting key staff in Sweden and abroad. The programme has 164 participants and the subscription is 71,0 %.



The CEO was allowed to subscribe for up to SEK 6 000 000, staff reporting directly to the CEO were allowed to subscribe for up to SEK 3 000 000 and other key staff for up to SEK 900 000.

In 2017, the Annual General Meeting decided on a new convertible debenture program for key staff in- as well as outside of Sweden. This time the number of nominees was increased and 220 employees enrolled in the program, which is subscribed to 90,4 %. The guaranteed as well as the maximum investment levels are the same as in the 2015-2017 programs.

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 senior management in 2017 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 2018
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.