



Proposals for resolutions concerning the principles for salary and other remuneration for the President and other Members of the Management Group (item 15 on the agenda)

The Remuneration Committee

The Board appoints a Remuneration Committee which is tasked with making recommendations in respect of terms of employment, pension benefits and bonus systems for senior executives. The remit of the Remuneration Committee shall also cover overall terms of employment and remuneration for all employees of the company.

Senior executives

The term “senior executives” refers to the President/CEO, the senior management group and managers who report directly to the President/CEO.

Remuneration

The ÅF Group bases rates of remuneration on the principle that remuneration shall be payable on competitive market terms that enable the Group to recruit and retain senior executives. ÅF has adopted the “grandfather principle”, under the terms of which remuneration levels must always be approved by each manager’s manager or superior.

The remuneration of key management personnel consists of the following components: basic salary, variable remuneration, pensions and long-term incentive programmes. Other remuneration may also be provided, usually in the form of a company car.

The Board of Directors shall ensure that there is a suitable balance between fixed and variable components.

Basic salary and variable remuneration

These forms of remuneration are renegotiated annually. Remuneration shall be based on factors such as duties, expertise, experience, position and performance. In addition, the ratio between basic salary and variable remuneration shall be related to the individual’s position and duties. Variable remuneration for the President/CEO is a maximum of 65% of fixed annual salary; for other employees it is a maximum of 60% of fixed annual salary. Fixed annual salary is current monthly salary multiplied by 12.2. Variable remuneration is the amount after the deduction of social security contributions. The variable component of salary is based on outcomes in relation to targets. The targets and salary of the President/CEO are set

by the Board of Directors. For other senior executives, these are set by the President/CEO in consultation with the Remuneration Committee.

Long-term incentive programmes

Key personnel within the ÅF Group may be eligible to participate in various types of incentive programme on market terms. These programmes are long-term in their nature and require that the individual remains in the employment of ÅF AB throughout the duration of the programme. The emphasis shall be placed on share-related incentive programmes that aim to reward performance, increase and spread share ownership among senior executives, and encourage them to remain with the company. The assumption is that a personal, long-term ownership commitment among key personnel stimulates greater interest in the business and in profitability while also strengthening motivation and identification with the company and thus safeguarding the company's needs for key competence.

Decisions relating to the design of long-term incentive programmes are made by the Board and, as far as share and share price related programmes are concerned, must be submitted to the Annual General Meeting for approval.

Pensions

Senior executives shall have defined-contribution pension plans with premiums that reflect current market terms and conditions. All pension benefits shall be vested, and shall not, therefore, be dependent on future employment. The retirement age is 60 for the President/CEO and 65 for other senior executives.

Termination of employment and severance pay

In the event that the President/CEO is given notice by the company, the period of notice is 24 months. If the President/CEO gives notice, the period of notice is 6 months.

As regards the period of notice between the company and other senior executives, the period of notice from the company's side is normally 12 months and from the employee's side, 6 months.

Stockholm, March 2011

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Board of Directors