



## **Proposal by the Board of Directors of B&B TOOLS AB (publ) to the Annual General Meeting on 25 August 2016 concerning the adoption of guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management**

The Board aims to ensure that the award system in place for the President & CEO and the other members of the Group's senior management team ("Group management") is in line with market conditions and competitive. For the purpose of creating continuity, the motion of the Board of Directors below essentially conforms to the remuneration principles applied in prior years and is based on agreements already in force between the B&B TOOLS Group and the respective employee.

The Board of Directors proposes that the guidelines set out below for determining remuneration and other terms of employment for Group management be adopted.

### **Guidelines proposed by the Board of Directors**

For the Board of Directors, it is crucial that the Company is able to recruit, provide long-term motivation for and retain competent employees who create long and short-term shareholder value. To achieve this goal, it is important that the Company is able to offer competitive terms. The Company's remuneration levels and remuneration structure for Group management is to be in line with market conditions. The total remuneration package for the individuals in question should comprise a balanced combination of fixed salary, variable salary, long-term incentive programmes, pension benefits and other benefits. Variable salary and long-term incentive programmes should primarily be linked to the Group's earnings and value performance.

- Fixed salary is to be adjusted to market conditions and be based on responsibility, competence and performance. Fixed salary is determined based on market principles and is reviewed annually.
- Variable salary is to be determined in relation to fixed salary and is set as a function of the Group's earnings.
- Members of Group management are to be included in a long-term incentive programme ("LTI programme").
- Pension benefits are to comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable salary and age. Certain individual adjustments occur. The retirement age for Group management is currently 65.
- Other benefits are to be in line with market conditions and enable the members of Group management to perform their duties.
- In the event of termination of employment at the initiative of the President & CEO or another member of Group management, the period of notice is six months. In the event of termination of employment on the initiative of the Company, the period of notice is a maximum of 12 months. Severance pay may amount to a maximum of 12 months' salary.

The Board is entitled to deviate from the above guidelines in individual cases if special reasons exist.

The aim is that these guidelines shall apply to the agreements entered into with the President & CEO and other members of Group management during the 2016/2017 financial year.