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THE BOARD'S PROPOSED GUIDELINES FOR REMUNERATION PAYABLE TO SENIOR EXECUTIVES

Alimak Group AB has established principles and forms of remuneration payable to its senior executives. The Board and its Remuneration Committee decide on the form of remuneration scheme and the size and forms of remuneration payable to senior executives. The Board proposes that the following guidelines for determining salaries and other remuneration payable to the Company's Chief Executive Officer (CEO) and other senior executives be adopted at the AGM. The term "senior executive" means the Alimak Group's CEO and members of Group Management. These guidelines apply to agreements concluded after the AGM resolution and where amendments are made to existing agreements after that time.

The Board may depart from the guidelines set out below in individual cases where particular reasons or needs exist.

General

It is of fundamental importance to the Company and its shareholders that the guidelines for remuneration payable to senior executives create good conditions in the near and long term to attract and retain competent employees and executives. To this end, it is important to establish fair and internally balanced conditions that are also competitive in terms of their structure, scope and level of remuneration.

Conditions of employment for senior executives should comprise a balanced combination of fixed salary, annual bonus, long-term incentive scheme, pension and other benefits, along with conditions governing termination/severance payments.

Total annual cash remuneration, i.e. fixed salary plus bonus and other long-term cash remuneration, should be at market level in the geographical market in which the individual works and is employed. Total remuneration should be reviewed annually to ensure it is in line with the market for equivalent positions in the relevant geographical market in which the individual operates.

Remuneration should be based on performance. It should therefore comprise a combination of fixed salary and bonus, of which the variable component constitutes a relatively large portion of the total remuneration but is capped at a predetermined amount.

The annual report states the total remuneration and other benefits received by the Company's senior executives during the year.

Remuneration and forms of remuneration

The Company's remuneration scheme involves various forms of remuneration aimed at creating balanced remuneration supporting near and long-term management by objectives and achievement of targets.

Fixed salary

Fixed salary is individual and is based on each person's responsibility and role, along with that person's competence and experience in the relevant position.

Short-Term Incentive/Annual Bonus

Senior executives receive an annual bonus. The annual bonus is variable and is expressed as a percentage of fixed salary. Bonus targets should primarily be related to achievement of the Company's financial targets, as well as any clearly defined individual objectives relating to specific duties of employment. The latter are used to ensure focus on non-financial objectives of particular interest.

Financial targets for the bonus are adopted annually by the Board in order to ensure they are in line with the Company's business strategy and earnings targets. On the Board's instructions the Remuneration Committee adopts financial targets for individual employees as proposed by the CEO.

The portion of the total remuneration comprising annual bonus varies depending on position, and may total 70 per cent of fixed annual salary when targets are fully achieved by the CEO, and up to 50 per cent of fixed annual salary when targets are fully achieved by other senior executives. Targets are formulated so that no bonus is payable unless a minimum level of performance is achieved.

Long-Term incentive scheme

At present the Company does not have a long-term incentive scheme, but there may be reason to evaluate the need for an additional, more long-term incentive structure.

Remuneration payable to directors

In certain cases directors elected at the AGM should be able to receive fees and other remuneration for work carried out on the Company's behalf, alongside their Board work. Fees at market rates, to be approved by the Board, may be payable for such services.

Pensions

Senior executives qualifying for a pension and concluding new pension agreements should have defined contribution pension agreements. Senior executives retire in accordance with the pension regulations of the relevant country. The main rule is that provisions made for pensions are based on fixed salary alone. Certain individual adjustments may occur in line with practice in the relevant geographical market.

Other benefits

Other benefits, such as a company car, wellness allowance, health care and health insurance, should comprise a minor portion of total remuneration and should be in line with market practice in the relevant geographical market.

Additional remuneration

In addition to the remuneration described above, agreement may be reached in exceptional cases on further remuneration, e.g. when this is considered necessary to attract and retain key competence or to persuade individuals to relocate or accept a new position. However, additional remuneration of this kind should be subject to a time limit, which should not exceed 36 months. Nor should the additional remuneration exceed twice the remuneration the holder of the position would have received if no agreement on additional remuneration had been concluded.

Conditions governing termination and severance payments

Conditions governing termination and severance payments should accord with practice in the relevant geographical market. The Company's CEO should have six months' notice if he leaves of his own volition and 12 months' notice if the Company terminates his employment. Other senior executives have notice periods of up to six months. When a new employment contract is concluded, a severance payment not exceeding 12 months' fixed salary may be agreed with a senior executive. This applies solely to termination by the Company. Practice in the geographical market where the executive works applies in other respects.

Miscellaneous

The maximum cost potentially incurred by the Company for variable remuneration payable to senior executives in 2016 totals approximately SEK 9,100,000 (not including social security costs).

Stockholm, March 2016
The Board of Directors
Alimak Group AB (publ)