

## **Gunnebo AB Annual General Meeting 27 April 2010**

### **The proposal of the Board regarding principles for remuneration to senior executives (item 14 in the proposed agenda)**

“Senior executives” refer to the President and other members of the group management team.

The proposal of the Board for 2010, which is in compliance with the principles of previous years and based on agreements already entered into between Gunnebo and the respective employee, is as follows.

Gunnebo shall offer a level of remuneration and other terms of employment which enables the company to recruit and retain senior executives. The overall principles for salary and other remuneration to senior executives are thus that compensation shall be competitive and on market level.

The total remuneration to senior executives shall consist of fixed salary, variable salary, long-term incentive programmes, pension and other compensations and benefits.

The fixed salary shall take into account the individual’s position, competence, areas of responsibility, performance and experience and shall normally be reviewed on an annual basis. The fixed salary shall constitute the basis for the calculation of the variable salary.

The variable salary is dependent upon the individual’s achievement of specific quantitative financial business objectives. The variable salary may not exceed 50% of the fixed salary. However, the Board shall have a right during 2010 to introduce a one-off bonus for the senior executives based on the company’s earnings trend during 2010 and 2011 meaning that the variable salary for each of the years 2010 and 2011 is maximized to at most 100% of the fixed salary.

An Extraordinary General Meeting held in 2007 resolved to introduce a long-term incentive programme for senior executives and other key personnel. The basic structure is a combined share and warrant programme which requires participants to make an initial investment in Gunnebo shares. The programme gives the participants a right to, during certain periods in 2011, subscribe for shares in Gunnebo at a price of SEK 63.80 per share. The warrant programme is combined with a performance based cash bonus scheme with a possibility of yearly payments over a four-year period. Payment of bonus is conditional on the fulfilment of certain financial key figures and the continued holding of both shares and warrants. In certain jurisdictions, participants have been allocated employee stock options free of charge instead of warrants. The employee stock options can only be redeemed if the financial programme conditions are achieved and otherwise in accordance with the same principles which apply to the bonus scheme described above. The Board shall, for each financial year, evaluate whether a share or share-price related incentive programme shall be proposed to the Annual General Meeting or not.

Pension premiums for senior executives resident in Sweden are paid in accordance with a premium based plan. The premiums may, depending on age and salary level, amount to a maximum of 35% of the base salary. Senior executives resident outside Sweden may be

offered pension benefits that are competitive in the country where the senior executives are resident, preferably defined-contribution plans. The retirement age shall be 65.

Additional benefits consist of company car and private health insurance.

For senior executives resident in Sweden, the termination period in case of termination by the company shall be 12 months and 6 months in case of termination by the senior executive. Severance pay is not applied. Senior executives resident outside Sweden may be offered notice periods for termination that are competitive in the country where the senior executives are resident, preferably notice periods comparable to the notice periods applied to senior executives resident in Sweden.

The Board reserves the right to deviate from these principles if special reasons for such a deviation exist in any individual case.

No deviations from the principles approved by the Annual General Meeting 2009 have been made.

Remuneration to senior executives already decided falls within the frames of these principles, except that two members of the group management team are entitled to 12 months' severance pay in case of termination by the company.