



## **The Board's proposed principles**

### **Proposed principles for remuneration to senior executives for recommendation to the AGM**

The Board proposes that the principles for remuneration to senior executives to apply for the period starting with the next AGM correspond to the previous year's remuneration principles as adopted by the 2008 AGM.

The proposal is designed to ensure that Seco Tools can offer a globally market-based level of compensation that enables the Company to attract and retain qualified staff for its executive management.

- The total remuneration package consists of fixed salary and variable salary made up of one annual and one long-term component, as well as pension benefits and other customary benefits.
- Fixed salary, which is individual and differentiated on the basis of responsibilities and performance, is set according to market-based principles and is subject to yearly review.
- The variable component is based on the attainment of predetermined performance targets that are related to the Company's earnings trend and attainment of other key objectives. For the Group Executive Management, the yearly variable portion may not exceed 30-60% of fixed salary and the long-term variable portion may not exceed 20-40% of fixed salary.
- Pension benefits for members of the executive management normally consist of a basic component comprising the ITP plan with a contractual retirement age of 65 years. In addition, senior executives may be entitled to;
  - a defined benefit-based pension between the ages of 60 and 65 years for the President and between the ages of 62 and 65 years for other members of the Group Executive Management
  - a supplementary premium-based pension.
- Termination benefits are payable in the event of termination of employment on the part of Seco Tools, provided that dismissal is not due to gross negligence. Any income from employment is deducted from the termination benefits, which correspond to between 12 and 18 monthly salaries for individuals under the age of 55 years and between 18 and 24 monthly salaries for individuals over the age of 55 years.
- The Board shall have the right to deviate from the guidelines adopted by the AGM in individual cases where there is special reason to do so. The senior executives covered by the proposal include the President and the other members of the Group Executive Management.