

The report by the Board of Gunnebo AB (publ) on the Remuneration Committee's evaluation of remuneration to senior executives

The Board of Directors of Gunnebo AB has established a Remuneration Committee. Since the 2015 Annual General Meeting the Committee has been comprised of the Chairman of the Board Martin Svalstedt (also the Committee Chairman) and the Board members Mikael Jönsson and Göran Bille. The Remuneration Committee's tasks include monitoring and evaluating all programmes for variable remuneration to senior executives, application of the company's guidelines for remuneration to senior executives, and the company's current remuneration structures and levels.

In accordance with paragraph 10.4 of the Swedish Corporate Governance Code, the Board hereby submits the following report on the results of the evaluation.

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

Variable remuneration in 2015 comprised annual variable salary and long-term incentive programmes.

The variable salary shall be dependent on the individual's achievement of predetermined, quantitative financial targets and may not exceed 50% of the fixed salary.

In terms of long-term incentive programmes, the company currently has two ongoing incentive programmes. The first started in 2012 and is comprised of warrants (*Sw. teckningsoptioner*). The programme offered 50 senior executives and other key personnel within the Group the opportunity to subscribe for a total of 585,000 warrants. A warrant gives the right to subscribe to a share in Gunnebo AB at a price of SEK 31.40 during certain set periods in 2015–2016.

The second programme was launched in 2015 to further strengthen the corporate management's commitment and common interest with the shareholders. The programme was decided at the 2015 AGM and is a targeted programme for a maximum of 20 employed key executives, including the CEO, the Group Executive Team and other key personnel within the Group. The programme is based on the participants investing in Gunnebo shares within the LTI 2015 scheme ("saving shares"). The saving shares must be retained for a three-year vesting period which runs from June 1, 2015 to June 1, 2018. Provided the saving shares are still held and the participant remains employed in the Group at the end of the vesting period, the participant is entitled to receive, free of charge, one Gunnebo share for each saving share he/she has invested in. Moreover, the CEO is entitled to receive a maximum of four additional Gunnebo shares per saving share, and the other participants are entitled to receive a maximum of three additional Gunnebo shares per saving share, provided certain performance-related goals are met. The awarding of performance shares is based on a Board-defined minimum level and upper target level relating to earnings per share during the vesting period. The Board intends to present the defined performance goals in the 2017 Annual Report.

During 2015, a third warrant programme determined by the 2011 AGM came to an end. This programme offered 49 senior executives and other key personnel within the Group the opportunity to subscribe for a total of 575,000 warrants. A warrant gave the right to subscribe

to a share in Gunnebo AB at a price of SEK 44.20 during certain set periods in 2014–2015. No new shares have been registered within the framework of this programme.

In 2015, the Remuneration Committee has continuously monitored and evaluated the company's programmes for variable remuneration to senior executives. The Remuneration Committee deems that these programmes help to achieve the desired common interest between the senior executives and the shareholders, and that they serve to help the company retain personnel in the corporate management.

Also in 2015, the Remuneration Committee has monitored and evaluated the application of the principles for remuneration to senior executives determined by the 2015 AGM. The Remuneration Committee deems the principles to be fit for purpose and deems that they have been followed.

The Remuneration Committee deems that the remuneration structures and levels applied by the Gunnebo Group are compatible with market conditions, fit for purpose and well-balanced with regard to the potential for recruiting and retaining qualified personnel for the company's senior management.

Gothenburg, March 2016
GUNNEBO AB (publ)
The Board of Directors