

Proposal regarding principles for determining salaries and other remuneration to the President and other members of the company management (Item 12)

The board proposes the following principles for determination of salaries and other remuneration to the President and other members of the company management. The guidelines shall apply to employment contracts entered into according to the general meeting's resolutions and guidelines, and in cases where changes are made to existing terms and conditions according to resolutions of general meetings. The guidelines essentially correspond to the principles that have been applied to date.

Remuneration to the President and other members of the company management (that is, the eight persons who together with the President comprise the group management) may consist of basic salary, variable remuneration, "stay on board remuneration" and pension. Other benefits and other remuneration shall be received on the same basis as for other employees. Persons who are resident outside of Sweden may be offered notice periods and termination benefits that are competitive in the country where the persons are or have been resident or to which they have a substantial connection, preferably solutions equivalent to what applies for managerial employees resident in Sweden.

The objective of Axis AB's remuneration policy for the senior executives shall be to offer compensation that promotes the recruitment of skilled expertise and retaining it in the company. The basic salary shall be determined on the basis that it should be competitive. The absolute level shall depend on the specific position and the individual's performance.

Variable remuneration (bonus) to the President and other senior executives shall be based on the financial goals of the group and shall be calculated as a function of the sales growth and the operating margin for the year in question. The bonus to the President shall be maximized at 240 percent of the annual salary (for 2014) and for the other senior executives, the highest individual bonus amount shall be maximized at 80 percent of an annual salary (for 2014).

In addition, "stay on board remuneration" may be agreed where appropriate. Such additional remuneration shall consist of cash and be conditional on the relevant members of the company management remaining employed for a certain period of time, subject to, where considered appropriate, "good and bad leaver provisions". The "stay on board remuneration" shall not exceed 100 percent of an annual basic salary and shall be paid at the end of or in tranches during a period of 24 consecutive months. The remuneration shall not constitute pensionable salary.

The retirement age for the President shall be 65. Pension insurance premiums shall amount to 35 percent of the pension-qualifying salary up to a maximum of 28.5 basic amounts. For a salary in excess of 28.5 basic amounts, a premium of 25 percent shall be paid. The ITP agreement shall be applied for other senior executives, with a retirement age of 65.

In the event of termination of employment, a six-month mutual notice period shall apply for the President. In the event of termination of employment of the President by the company, termination benefits corresponding to up to twelve cash monthly salaries may be paid after the end of the notice period. In the event of termination by the President, no termination benefits shall be payable. A mutual notice period of three to six months shall apply between the company and the other senior executives. In the event of termination by the company, termination benefits corresponding to up to twelve cash monthly salaries can be paid. In the event of termination by any of the senior executives, no termination benefits shall be payable.

Deviations from the principles described above may be approved by the board of directors, if there are specific reasons in individual cases.