

The board of directors' proposal for approval of guidelines for remuneration to senior executives

Haldex Aktiebolag has since several years established principles and forms for remuneration to senior executives. The board of directors and its compensation committee resolve on the structures of remuneration systems, as well as levels and forms of remuneration to senior executives. The board of directors proposes that the annual general meeting adopt the following guidelines for the establishment of remuneration to the managing director and other senior executives. These guidelines will be valid for employment agreements entered into after the annual general meeting's resolution and for changes made to existing agreements thereafter.

The board of directors is entitled to deviate from the below guidelines if there are specific reasons or needs in an individual case.

1. General

It is of fundamental importance to the company and its shareholders that the guidelines for remuneration to senior executives within the group, in both a short and long term perspective, enable the group to attract and retain senior executives and other employees with excellent competence. To obtain this it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels.

The terms of employment for senior executives shall consist of a balanced combination of fixed salary, annual bonus, long-term incentive program, pension and other benefits and terms for dismissal/severance payment.

The total annual monetary remuneration, i.e. fixed salary, bonus and other long-term monetary remuneration, shall be in accordance with market practice on the geographical market where the senior executive operates. The total level of the compensation will be evaluated annually to ensure that it is in line with market practice for corresponding positions within the relevant geographical market.

The remuneration should be based on performance. It should therefore consist of a combination of fixed salary and bonus, where the variable remuneration forms a rather substantial part of the total remuneration.

The annual report 2015 sets out details on the total remuneration and other benefits awarded to the senior executives during 2015.

2. Remuneration and remuneration forms

The remuneration system of the group consists of various forms of remuneration in order to create a well balanced compensation that fosters and supports management and achievement of goals in both a short and long-term perspective.

2.1 Fixed remuneration

The fixed remuneration shall be individually determined and shall be based on each individual's responsibility and role as well as the individual's competence and experience in the relevant position.

2.2 Annual bonus

Senior executives have an annual bonus that is payable on an annual basis. The annual bonus is structured as a variable part of the fixed salary. Bonus goals shall primarily be based on the outcomes of financial objectives for the entire group, financial goals for the business unit for which the senior executive is responsible, as well as clearly defined individual goals with respect to specific assignments. The latter is to ensure that the senior executive also focuses on non-financial targets of specific interest.

Bonus related financial objectives for the group shall be established by the board of directors annually in order to ensure that they are in line with the group's business strategy and profit targets. On behalf of the board of directors, the compensation committee establishes the financial objectives for individual units proposed by the managing director.

The part of the total remuneration consisting of annual bonus varies depending on position and may amount up to 50 per cent of the fixed annual salary at full goal achievement. The bonus goals are constructed so that no bonus will be paid if a certain minimum performance level is not achieved.

2.3 Long term incentive program

In order to foster a long-term perspective in the decision-making and to ensure long-term achievement of goals, the board of directors may propose the general meeting to resolve on other types of long-term incentive programs.

The board of directors uses long term incentives in order to ensure that senior executives within the group have a long-term interest in a stable value increase of the Haldex share. By implementing an incentive program that is connected to the company's profits and at the same time its increase in value, the long-term growth of the company is awarded and fostered. Further, long term incentive programs also aims at making the company a more attractive employer, which contributes to the company's ability to retain key employees within the group as well as to recruit new key employees.

Potential remuneration in form of long-term incentive programs shall be in accordance with market practice on each relevant market.

2.4 Pension

When entering into new pension agreements with senior executives who are entitled to pension, the pension shall be based on defined contribution plans. Senior executives who are employed in Sweden retire by the age of 65 and other senior executives in accordance with local regulations on pension. As a main principle, pension premiums are based solely on fixed salary. Certain adjustments may occur in individual cases in accordance with local market practice.

2.5 Other benefits

Other benefits, such as company car, compensation for healthcare and health and medical insurance etc., shall form a minor part of the total compensation and shall correspond to what may be deemed common market practise in each geographical market.

2.6 Special remuneration

In addition to the above described remunerations, agreements on additional remunerations may be made in exceptional situations, for example when considered necessary to attract and retain key personnel or induce individuals to move to new places of service or accept new positions. Such special remunerations shall be limited in time and may not exceed 36 months. Further, the total remuneration must not exceed an amount equivalent to two times the remuneration the individual would have received in the absence of an agreement on special remuneration.

3. Terms for dismissal and severance payment

Terms for dismissal and severance pay shall correspond to what may be deemed common market practise on each geographical market. The managing director has a notice period of 12 months. Other senior executives have a notice period up to 6 months. In addition hereto, when entering into new employment contracts, agreement may be made with senior executives on severance pay upon termination of the employment by the company, corresponding to a maximum of 12 months' fixed salary. Upon termination of the employment, local practice on the geographical market where the senior executive operates shall be complied with.

Landskrona in March 2016
Haldex Aktiebolag (publ)
The board of directors

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