



# Welcome to Annual General Meeting 2018

**Shareholders of ÅF AB (publ) are invited to the annual general meeting to be held on Wednesday, 25 April 2018 at 4 pm (CET) at the company headquarters on Frösundaleden 2A, Stockholm, Sweden. Registration starts at 3:30 pm (CET).**

## Registration and participation

Shareholders who wish to participate in the Annual General Meeting shall

- be included in the shareholders' register maintained by Euroclear Sweden AB on Thursday, 19 April 2018, and
- give notice of attendance no later than Thursday, 19 April 2018 via ÅF's website [www.afconsult.com](http://www.afconsult.com), or by e-mail [agm@afconsult.com](mailto:agm@afconsult.com) or by telephone +46 (0)10 505 00 00 weekdays 9 am – 4 pm (CET), or by regular mail to:

ÅF AB  
Annual General Meeting  
SE-169 99 Stockholm, Sweden

Please state name, personal ID, address, telephone and any attending assistants.

The personal information kept in the shareholders' register maintained by Euroclear Sweden AB will be used for registration and voting list for the annual general meeting.

The Annual General Meeting will be conducted in Swedish.

## Nominee-registered shares

Shareholders whose shares are registered in the name of a bank or other nominee shall, to be eligible to participate in the Annual General Meeting, register their shares in the shareholders' register in their own name per Thursday, 19 April 2018. Shareholders who wish to exercise their right should therefore inform their nominee well before the aforementioned day.

## Proxies

Shareholders who are represented through proxy shall issue a power of attorney, duly signed and dated. If the power of attorney has been issued by a legal entity, a certified copy of the certificate of registration or its equivalent confirming the right to issue the power of attorney shall also be provided. It is desirable that the power of attorney in original and, where appropriate, other documentation, is submitted well before the Annual General Meeting to ÅF AB, Årsstämman, SE-169 99 Stockholm, Sweden.

The documents and any other correspondence concerning the Annual General Meeting may also be sent via e-mail to [agm@afconsult.com](mailto:agm@afconsult.com).



A proxy template is available on the ÅF website: [www.afconsult.com](http://www.afconsult.com).

## Annual Report

It is anticipated that the Annual Report will be published on [www.afconsult.com](http://www.afconsult.com) during the week beginning on 2 April 2018. Printed copies may be ordered through [www.afconsult.com](http://www.afconsult.com) or the ÅF switchboard, +46 (0)10 505 00 00.

## Proposed agenda

- 1 Election of Chairman of the Meeting.
- 2 Preparation and approval of the voting list.
- 3 Approval of the agenda.
- 4 Election of persons to approve the minutes.
- 5 Determination whether the meeting has been duly convened.
- 6 The CEO's address.
- 7 Report of the work of the Board, the Remuneration- and Audit Committees.
- 8 Presentation of the Annual Report and the Auditors' Report together with the consolidated accounts and the auditors' report for the same.
- 9 Adoption of the Income Statement and Balance Sheet of ÅF AB and the Income Statement and Balance Sheet of the ÅF Group.
- 10 Resolution regarding discharge from liability of the Board and of the CEO.
- 11 Appropriations and allocations of the profit or loss made by the Company according to the approved Balance Sheet, and the record day for the right to receive a shareholders' dividend.
- 12 The Nomination Committee's proposals, election of board members etc.
  - 12a Decision concerning the number of board members and deputy members to be elected by the meeting.
  - 12b Election of Chairman of the Board, other members of the Board and any deputies.
  - 12c Election of Auditors and any Deputy Auditors.
  - 12d Resolution regarding the remuneration to the Board and the Auditors.
  - 12e Resolution regarding the Principles for the Nomination Committee.
- 13 Resolution regarding the principles relating to salary and other remuneration for the CEO and other members of the senior management team.
- 14 Resolution regarding long term incentive programme (Convertible Debenture 2018), authority for the Board to repurchase the Company's own shares and decision to reduce the number of shares in the Company and to decide on the size of the reduction.
- 15 Resolutions authorising the Board to sell the Company's own shares on Nasdaq Stockholm and to transfer own shares to participants in Performance Related Share Program (PSP) 2014.
- 16 Resolution authorising the Board to decide on new issue of shares.
- 17 Close of the Annual General Meeting.

### Item 1 – Election of Chairman of the Meeting

The Nomination Committee proposes that the Chairman of the Board, Anders Narvinger, chairs the meeting.



## Item 11 – Shareholders’ dividend

The Board proposes a shareholders’ dividend of SEK 5 per share. It is proposed that April 27, 2018 be made the record day for the right to receive the dividend. It is anticipated that payment will be made via Euroclear Sweden AB on May 3, 2018.

## Item 12 – The Nomination Committee’s proposals, election of the Board etc.

The Nomination Committee, which was elected in accordance with the Principles for the Nomination Committee adopted by the Annual General Meeting 2017, consists of the Chairman of the Nomination Committee Magnus Olofsson (ÅForsk Foundation), Monica Åsmyr (Swedbank Robur Fonder), Anders Narvinger (Chairman of the Board), Jonathan Schönbäck (Handelsbanken Asset Management), Johan Strandberg (SEB Investment Management) and Rickard Wilson (Zeres Public Market Fund).

### Item 12a – Number of members of the Board and deputies

The Nomination Committee proposes that the Board of the Company shall consist of eight (8) members elected by the Annual General Meeting with no deputies.

### Item 12b – Election of the Board

The Nomination Committee proposes re-election of the board members: Gunilla Berg, Anders Narvinger, Maud Olofsson, Joakim Rubin, Kristina Schauman and Anders Snell.

Jonas Abrahamsson and Ulf Södergren are proposed to be elected member of the Board.

#### **Jonas Abrahamsson**

Jonas Abrahamsson is born 1967. He holds a master in business administration from the University of Lund. He is CEO of the Swedavia Group. Before joining Swedavia he worked for E.ON, most recently as group CEO of E.ON Sweden 2010-2016. Jonas Abrahamsson is a fellow of the Royal Swedish Academy of Engineering Sciences and also a member of the Board of Almega Tjänsteförbundet.

Jonas Abrahamsson owns no shares or other financial instruments issued by ÅF.\*

#### **Ulf Södergren**

Ulf Södergren is born 1953. He holds an engineering degree from KTH - the Royal Institute of Technology and a master of business administration from the University of Stockholm. Ulf Södergren is Executive Vice President and Chief Technology Officer of Assa Abloy. He is also a member of the Board of Mantex AB.

Ulf Södergren owns no shares or other financial instruments issued by ÅF.\*

\* Refers to the holding of shares or other stocks as of 3 Mars 2018. This also includes holdings by close related natural or legal persons.

Staffan Jufors and Björn O. Nilsson have declined re-election.

The Nomination Committee proposes that Anders Narvinger is elected as Chairman of the board.



## Item 12c – Election of Auditors

The Nomination Committee proposes, in accordance with the recommendation of the Audit Committee, that the auditing company KPMG AB shall be appointed auditor of the Company to serve until the end of the 2019 annual general meeting.

## Item 12d – Remuneration to the Board and the Auditors

The Nomination Committee proposes that remuneration to the Board, including its committees, until the time of the next annual general meeting shall total SEK 3 695 000.

For the work of the Board, a fee of SEK 810 000 is proposed for the Chairman of the Board and SEK 350 000 for each of the seven other directors. This brings the total fees paid for board work to SEK 3 260 000. This is an increase of SEK 365 000 compared to the decision of the annual general meeting of 2017. The reason for the increase is that the growth of the company brings an increase in the workload of the directors and that competitive remunerations are deemed an important factor when recruiting new directors.

For the members of the Audit Committee, it is proposed a remuneration of SEK 150 000 to be paid to the Chair and SEK 60 000 for each of the other two members of the committee. For the members of the Remuneration Committee, it is proposed that remuneration of SEK 75 000 is paid to the Chair and SEK 45 000 for each of the other two members of the committee. This brings the total of fees paid out for committee work to SEK 435 000.

It is proposed that remuneration to the auditors be paid in accordance with approved invoices.

## Item 12e – Principles for the Nomination Committee

The Nomination Committee proposes that the Principles for the Nomination Committee shall remain unchanged until the Annual General Meeting decides otherwise.

The Nomination Committee shall consist of representatives of a minimum of three and a maximum of five of the largest shareholders by voting entitlement, together with the Chairman of the Board. The Chairman of the Board shall invite the five largest shareholders by voting entitlement to participate in the Nomination Committee. The entitlement shall be based on Euroclear Sweden AB's list of shareholders (by groups of owners) on the last banking day in August, and on other reliable information provided to the Company at this time.

The names of the members of the Nomination Committee and the names of the shareholders they represent are to be published at the latest six months before the Annual General Meeting. If any of the five largest shareholders by voting entitlement waives the invitation to appoint a representative to the Nomination Committee, the next largest shareholder in terms of voting rights shall be given the opportunity to appoint a representative. It is however not required to ask more than seven of the largest shareholders by voting entitlement unless the Nomination Committee has fewer than three representatives. The person appointed by the largest shareholder by voting entitlement shall be appointed Chair of the Nomination Committee, unless the Nomination Committee decides otherwise. The Nomination Committee exercises its mandate until the appointment of a new Nomination Committee.

Should a significant change takes place in the ownership structure after the Nomination Committee has been constituted and more than two months before the Annual General



Meeting and a major new owner expresses a wish to participate in the work of the committee, the composition of the Nomination Committee shall be altered to accord with the principles specified above. This shall be done either by replacing the committee member who has been appointed by the smallest shareholder by voting entitlement, or by expanding the Nomination Committee with an additional member. Shareholders who acquire sufficient shares to qualify as one of the three largest shareholders by voting entitlement within the two months preceding the annual general meeting shall have the right to appoint a co-opted representative on the Nomination Committee.

Shareholders who have appointed a member of the Nomination Committee have the right to appoint a new member of the Nomination Committee in his/her place.

The Nomination Committee shall submit proposals to the Annual General Meeting on:

- the election of chairperson of the annual general meeting,
- the election of a Chairman of the Board and other members of the Board,
- the allocation of Directors' fees between the Chairman of the Board and other members, and any remuneration for committee work,
- election and remuneration of Auditors and Deputy Auditors (if any), and
- resolution regarding the principles for the appointment of the Nomination Committee.

The Nomination Committee shall have the right to charge the Company for expenses such as those incurred in conjunction with the use of recruitment consultants, whose assistance may be required to enable the Nomination Committee to execute its duties properly. No fees are payable to members of the Nomination Committee.

## Item 13 – Resolutions regarding the principles for salary and other remuneration for the CEO and other members of the senior management team

The Board proposes that the Annual General Meeting adopts the following principles relating to remuneration to the senior management team up until the time of the 2019 Annual General Meeting.

### *The Remuneration Committee*

The Board appoints a Remuneration Committee to prepare proposals relating to the CEO's employment conditions, pension benefits and bonuses and to make decisions on corresponding conditions for the other senior executives. The Remuneration Committee shall also consider principles relating to terms of employment and other remuneration for all employees in the ÅF Group.

### *Senior executives*

Senior executives include the CEO, the senior management team and other executives reporting directly to the CEO.

### *Remunerations*

The ÅF Group bases remunerations on the principle that remuneration shall be adjusted to conditions on the market facilitating that the Group can recruit and retain senior executives. ÅF employs the "grandfather principle", meaning that the immediate



superior of the manager who has negotiated the terms shall approve all employment terms.

The remuneration of senior executives consists of the components basic salary, variable remuneration, pensions and long-term incentive programmes. Other remuneration may also be provided, usually in the form of car benefit.

The Board shall safeguard an appropriate balance between fixed and variable remuneration.

### *Basic salary and variable remuneration*

These forms of remuneration are renegotiated annually. Remuneration shall be based on factors such as duties, expertise, experience, position and performance. In addition, the ratio between basic salary and variable remuneration shall be related to the individual's position and duties. Variable remuneration for the CEO and other senior executives is a maximum of 60% of fixed annual salary. Fixed annual salary is current monthly salary multiplied by 12. The variable component of salary is based on outcomes in relation to targets. The Board sets the goals and salary of the CEO. For other senior executives, these are set by the Remuneration Committee.

### *Long term incentive programmes*

Key personnel within the ÅF Group may be eligible to participate in various types of incentive programmes on market terms. The emphasis shall be placed on share-related incentive programmes that aim to reward performance, increase and spread share ownership among senior executives, and encourage them to remain with the Company. The assumption is that a personal, long-term ownership commitment among key personnel stimulates greater interest in the business and in profitability, while also strengthening motivation and identification with the Company, thus safeguarding the Company's needs for key competence.

The form and structure of incentive programmes shall be determined by the Board and shall, as regards share and share related programmes be subject to the final decision of the Annual General Meeting.

### *Pensions*

Senior executives shall have defined contribution pension plans with premiums that reflect current market terms and conditions. All pension benefits shall be vested and thus not be dependent on future employment. The retirement age for both CEO and senior executives shall be 65 year. Remuneration resulting from the short term and long-term incentive programmes shall not constitute pensionable salary.

### *Termination of employment and severance pay*

The notice period for the CEO is 12 months when notice of termination is given by the Company and 6 months if given by the CEO. In the event that the company gives notice the CEO shall receive a severance payment corresponding to up to 12 month's salary.

For other senior executives, the notice period is normally 12 months for the company and 6 months for the employee.



## Item 14 – Resolution regarding long-term incentive programme (Convertible Debenture 2018), authority for the Board to repurchase the Company's own shares and decision to reduce the number of shares in the Company

The Board proposes that the meeting decides on a convertible debenture programme for ÅF employees on the following terms, which in all material respects conform to those of the convertible programmes adopted by the annual general meetings of 2015-2017.

The main purpose of the program is to award performance, increase the ownership of shares among key staff and to incentivize them to stay in the company. A personal long-term ownership among key staff is expected to increase the interest in the business and the financial results, increase motivation and identification with the company, thus attracting and retaining talent.

Under the program, ÅF AB takes up a debenture loan at a nominal amount not exceeding SEK 200 000 000 by emitting convertible debentures. The subscription price for each debenture shall correspond to its nominal amount.

Participants shall, with exception from the shareholders rights, be employees of the ÅF Group who have not at the end of the subscription period given or been given notice of termination of their employment. The board along the following guidelines shall determine the allocation of debentures. The CEO shall be entitled to subscribe to debentures to a nominal amount of SEK 2 000 000 and may as a maximum subscribe to SEK 6 000 000. Senior executives (approximately 10 persons) shall be guaranteed a subscription of SEK 1 000 000 each and may as a maximum subscribe to an amount of SEK 3 000 000 each. Key staff (approximately 300 persons) shall all be guaranteed a subscription of a nominal amount of SEK 300 000 each and may subscribe up to SEK 900 000 each. If the final total amount of the debenture loan is adjusted to avoid exceeding the maximum dilution, the allocated subscribed amounts shall be adjusted in proportion to this. In case of oversubscription employees shall in the first instance be granted the guaranteed allotment and then be allotted additional debentures with the same percentage regardless of category and in relation to their subscriptions in addition to the guaranteed amount (within the specified maximum amount for each category). When determining the number of convertibles in addition to the guaranteed allotment, only the desired subscription up to the specified maximum subscribed amount for each category shall be considered. The convertibles shall be subscribed for in multiples of SEK 100 000, rounded off to the closest whole number of convertible debentures. The lowest nominal amount to be subscribed for shall be SEK 100 000, rounded off to the closest whole number of convertible debentures.

Trading of the convertibles shall not be subject to restrictions.

Between 15 June 2021 and 15 March 2022 (inclusive), each convertible may be converted by the owner into a class B share at a conversion rate calculated at 120 percent of the average latest price paid for the Company's class B share on the Nasdaq Stockholm exchange each day during the period April 30 2018 – May 11 2018 (inclusive), but not lower than SEK 10. Days without a noted price paid shall not be included in the calculation. The thus calculated conversion price shall be rounded off to the closest whole number of 10 öre (SEK 1/10), where 5 öre (SEK 1/20) shall be rounded off upwards. The conversion price shall be determined by the board immediately after the specified measurement period.



The convertibles are due for payment on 10 April 2022 if conversion has not taken place by then. The convertibles shall carry an interest to be determined considering inter alia the conversion price and the estimated market value of the convertibles when issued. The interest is paid in arrears on February 10 each year and on the maturity of the loan. Assuming an average share price of SEK 190 during the measurement period and a conversion price of SEK 230 and the current interest rate situation the interest will be approximately 1 percent per annum.

The debentures shall in case of the winding up or liquidation of the Company entitle to payment only after non-subordinated debt and along (*pari passu*) with other subordinated debt not expressly subordinated to this loan.

Subscription for the convertibles shall take place from 22 May 2018 until and including 11 June 2018 and shall be paid in cash no later than 17 August 2018. The convertibles shall be issued at a price of 100 percent of the nominal value. Subscription is made at market price in accordance with valuation by EY, requested by the Board of the Company. For the evaluation, EY has applied methods considered by market professionals as established for comparable securities.

The complete terms and conditions are included in Appendix 1. As stated in the terms and conditions in Appendix 1, the conversion price may be adjusted for new issues and other certain situations.

The reason for deviating from the shareholders right to subscription is that the convertible debenture program constitutes a personal long-term ownership among the employees, which is expected to promote the interest for the business and its results. It is therefore advantageous for the Company to be able to offer employees an opportunity to share in the development of the Group in a way that is also beneficial for the shareholders.

### *Dilution and influence on important key figures*

If all convertibles are assigned and the conversion rate is assumed to be SEK 230, which corresponds to 120 percent of SEK 190, on full conversion the share capital will increase by SEK 2 173 913 based on a quota value of SEK 2.50 per share. This corresponds to a dilution effect of approximately 1.1 percent on share capital and 0.81 percent of voting rights after full conversion.

In case the conversion rate at the time of issue should be set at a value that would bring a dilution after full conversion of more than 2 percent of the share capital and the votes, the maximum amount of the loan shall be reduced through a lower subscription, bringing the maximum dilution to 2 percent (provided however that the maximum dilution may be larger than 2 percent due to a later recalculation of the conversion price as per Appendix 1).

The proposed convertible debentures cause the earnings per share to change in direct opposite proportion to the change in the number of shares a full conversion results in (the dilution). Since the dilution of the share capital under the terms and conditions shall not exceed 2 percent, the earnings per share can never decrease by more than 2 percent at full conversion.



### *Authorisation for the Board to acquire shares in the company and to reduce the share capital through reduction of the number of shares, including authorisation for the Board to decide on the size of the reduction*

The purpose of the Board's proposal to acquire the company's own shares to fulfil its obligations pursuant to the programme and to reduce the number of shares is that the Company shall be able to reduce the share capital corresponding to the number of shares which the debentures subscribed for in 2017 and 2018 can be converted to.

The Board proposes that the Annual General Meeting grant the board a mandate to make decisions before the next annual general meeting about purchases of the Company's class B shares corresponding to a maximum of 2 percent of the total of shares in the Company. Buy-backs may be made only on the Nasdaq Stockholm exchange and only at a price within the current registered price range on the purchase date.

The Board also proposes that the Annual General Meeting resolves that the Company's share capital shall be reduced by the number of shares that subscribed convertible debentures, under the 2017 and 2018 Convertible Debenture programmes can be converted into a maximum of 1 680 121 shares. The amount that the share capital hereby shall be reduced by, minimum SEK 2 026 390 and maximum SEK 4 200 302, shall be converted to unrestricted equity.

According to the Swedish Companies Act, the decision on reduction may only be executed after registration with and the approval of the Swedish Companies Registration Office (*Swe: Bolagsverket*).

### *Preparation of the proposal*

The remuneration committee has prepared the convertible debenture program and the Board advises by external experts. The Board has made the proposal. The CEO has not participated in the preparation of the proposal or the Board's decision.

### *Ongoing share related incentive programmes*

The Company's ongoing share related incentive programmes – convertible debenture and performance share programmes – are described in the Company's Annual Report for 2017, note 6.

### *Costs for the convertible debenture programme*

The programme costs pertaining to fees to external advisors and banks are estimated to amount to less than SEK 1 000 000 during the course of the programme. In addition to Company's own cost implementing and administering the programme.

In the Board's opinion, the proposed convertible debentures will not entail any future costs except for employer's contributions at the time of conversion to shares in certain countries (not Sweden).

### *Authority for the Board*

The Board shall be authorised to make such minor changes to the decisions as may be deemed necessary for registration at the Swedish Companies Registration Office (*Swe: Bolagsverket*) and Euroclear Sweden AB.



### *Majority rules*

A resolution by the Annual General Meeting about issuing convertible debentures as proposed by the Board requires a majority of 9/10 of the vote and of the shares present at the meeting. For a decision by the annual general meeting to authorise the Board to repurchase the Company's own shares and for the decision to reduce the share capital of the Company it is necessary that the decision is supported by at least 2/3 of the votes cast as well as of the vote present at the meeting.

### *Financing*

One or two Swedish commercial banks will offer financing to the employees who subscribe to the convertible debenture programme. The financing will be on market terms.

## **Item 15 – Resolutions authorising the Board to sell the Company's own shares on Nasdaq Stockholm and to transfer own shares to participants in the Performance related Share Programme (PSP) 2014**

The purpose of the proposed mandate is to enable the Company to secure ÅF's commitments with regard to the Performance Related Share Programme (PSP) 2014, already in place.

### *Transfer of own shares to participants in Performance related Share Programme (PSP) 2014*

To fulfil obligations under performance related share programmes 2014 (PSP) the Board proposes that the Annual General Meeting decides to authorise the Board to, prior to the annual general meeting 2019, decide to transfer shares of series B as follows.

A maximum of 42 000 shares of series B may be transferred to participants in the PSP 2014 programme. The right to receive shares shall belong to the participants in the programmes, with the right of each participant to receive the number of shares set out in each programme. The right to receive shares requires that all the conditions for this in the programmes are met. The transfer will be made without consideration. Split or free issue of shares or other similar circumstances can alter the number of shares, which may be transferred.

The reason for the deviation from the shareholders rights when transferring own shares is to be able to transfer the shares to the participants in the programmes.

The decision requires a majority of 9/10 of the vote and of the shares present at the meeting.

## **Item 16 – Resolution authorising the Board to make new issue of shares**

The Board proposes that the Annual General Meeting grants the Board a mandate to issue new class B shares on one or more occasions before the 2019 annual general meeting. Payment for new shares may be in capital contributed in kind or, with preferential rights for shareholders, in cash. The purpose of such an issue is to increase share capital by issuing shares on market terms. However, the maximum number of



new shares issued must not exceed 7 826 000 shares of series B, which is equivalent to 10 percent of the Company's share capital and 7,3 percent of the votes.

## Item 17 – Close of the Annual General Meeting

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### Shares and votes

ÅF's share capital totals SEK 195 654 662,5 and comprises a total of 78 261 865 shares, of which 3 217 752 are class A shares and 75 044 113 are class B shares, corresponding to a total of 107 221 633 votes. Class A shares entitle the holder to 10 votes per share. Class B shares entitle the holder to one vote per share. At the time when this invitation to the Annual General Meeting was issued, ÅF AB held 889 399 of the Company's own class B shares, corresponding to 889 399 votes for which there can be no representation at the Annual General Meeting.

### Information to the Annual General Meeting

The Board of the Company and the CEO shall, if requested to do so by a shareholder and on condition that the Board considers that such a request can be met without any significant adverse effects on the Company, provide information about circumstances that may affect the assessment of an item on the agenda, or of the financial situation of the Company or one of the Company's subsidiaries, and/or of the Company's relationship to another Group company. Shareholders who wish to do so may submit their questions in advance to ÅF AB, Annual General Meeting, SE-169 99 Stockholm, Sweden.

### Further information

The Board's statement with regard to the proposals concerning shareholders' dividend and reduction of numbers of shares in the company, the Board's evaluation of remuneration to members of the senior management team and the Auditor's report in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551) on whether the guidelines adopted by the annual general meeting regarding remuneration to senior management team have been complied with, will all be available at the Company's headquarters (visiting address: Frösundaleden 2A, Stockholm, Sweden) from 4 April 2018. They will also be posted to the Company's website [www.afconsult.com](http://www.afconsult.com). Shareholders who wish to avail themselves of these documents may apply to the Company to have the material sent to them by post or e-mail.

Stockholm, March 2018  
ÅF AB (publ)  
Board of Directors

*This English version is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.*