

8 PAYROLL EXPENSES

Average number of employees

	2019		2018	
	Average no. of employees	Of which, women	Average no. of employees	Of which, women
Gränges AB				
Sweden	29	9	31	10
Subsidiaries				
Sweden	489	93	469	90
China	513	58	517	58
US	758	88	675	82
Other countries	16	2	8	1
Group total	1,805	251	1,699	241

Board members and other senior executives

	2019		2018	
	No. at balance sheet date	Of which, women	No. at balance sheet date	Of which, women
Board members	7	3	7	3
CEO, deputy CEO and other senior executives	8	1	8	1

Salaries, remuneration, social security contributions and pension costs

SEK million	2019			2018		
	Salaries and remuneration (of which, variable portion) ¹⁾	Social security contributions	Pension cost	Salaries and remuneration (of which, variable portion) ¹⁾	Social security contributions	Pension
Gränges AB						
Board, CEO, deputy CEO and other senior executives	-31 (-15)	-11	-6	-31 (-15)	-11	-5
Other employees	-35	-12	-7	-33	-10	-6
Subsidiaries						
Other senior executives	-24 (-13)	-2	-1	-20 (-11)	-2	-1
Other employees	-957	-256	-69	-918	-175	-57
Group total	-1 046	-281	-83	-1,002	-198	-70

1) During 2019 SEK 2 million (3) has been received in government grants for Americas. The grant has reduced the payroll expenses.

Salaries and other remuneration to the Board members, CEO, deputy CEO and other senior executives

Board members

In 2019 the Board of Directors consisted of seven members, elected by the Annual General Meeting. All members are independent from the company and the company's main owners. Two employee representatives and two deputy employee representatives are also represented on the Board.

The Chairman and the other six members of the Board receive Directors' fees in accordance with the resolutions adopted by the annual general meeting.

CEO and other senior executives

The remuneration paid to the CEO, deputy CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension. Senior executives refer to the members of Group Management directly reporting to the CEO. During 2019 seven of the members were employed by the Group while the SVP Communications is an external consultant as interim solution. SVP Communications is not included in number of employees or in salaries but in number of senior executives at balance sheet date, and in the table for remuneration and other benefits.

The basic salary for the CEO is deliberated in the Remuneration committee and adopted by the Board of Directors. For all other employed

senior executives including deputy CEO the salaries are decided by the CEO with the support of the Chairman of the Board. The variable remuneration is based on results achieved in relation to defined targets and is made up of two components, a short-term incentive programme (STI) and a long-term incentive programme (LTI). Several long-term incentive programmes can run in parallel.

The contract between the company and the CEO stipulates a mutual twelve-month period of notice. Additionally, in the case of termination by the company, severance pay is payable without deduction for an additional twelve months. The contracts between the company and the deputy CEO, and other members of the Group Management stipulates a mutual six-month period of notice. Additionally, in the case of termination by the company, severance pay is payable for an additional twelve months, without deduction for the first six months.

Pension

The retirement age for the CEO is 65 years. The CEO has a direct pension in form of a company-owned endowment insurance. The premiums to the endowment insurance amounts to 35 per cent of the basic salary for the CEO. For other senior executives, including the deputy CEO, the retirement age is 60–65 years depending on the country of employment and both premium-based and defined-benefit-based obligations exist.

>> CONT. NOTE 8

Remuneration and other benefits in 2019

SEK million	Basic salary/ Directors' fee	Short-term incentive pro- gramme (STI) ¹⁾	Long-term incentive programmes (LTI 2018, 2017 and 2016)	Total variable remuneration	Other benefits	Pension cost	Total
Board of Directors							
Anders G. Carlberg	-0.7	-	-	-	-	-	-0.7
Ragnhild Wiborg	-0.4	-	-	-	-	-	-0.4
Hans Porat	-0.3	-	-	-	-	-	-0.3
Carina Andersson	-0.3	-	-	-	-	-	-0.3
Peter Carlsson	-0.3	-	-	-	-	-	-0.3
Katarina Lindström	-0.4	-	-	-	-	-	-0.4
Mats Backman	-0.4	-	-	-	-	-	-0.4
Senior executives							
CEO Johan Menckel	-5.7	-3.5	-3.2	-6.7	-0.2	-1.9	-14.5
Deputy CEO Oskar Hellström	-3.6	-2.2	-1.7	-3.9	-0.3	-2.0	-9.8
Other senior executives (6 individuals)	-15.1	-8.9	-8.4	-17.3	-0.8	-3.2	-36.4
Total	-27.2	-14.5	-13.3	-27.8	-1.3	-7.1	-63.4

Remuneration and other benefits in 2018

SEK million	Basic salary/ Directors' fee	Short-term incentive pro- gramme (STI) ²⁾	Long-term incentive programmes (LTI 2017, 2016 and 2015)	Total variable remuneration	Other benefits	Pension cost	Total
Board of Directors							
Anders G. Carlberg	-0.6	-	-	-	-	-	-0.6
Ragnhild Wiborg	-0.4	-	-	-	-	-	-0.4
Hans Porat	-0.3	-	-	-	-	-	-0.3
Carina Andersson	-0.3	-	-	-	-	-	-0.3
Peter Carlsson	-0.3	-	-	-	-	-	-0.3
Katarina Lindström	-0.3	-	-	-	-	-	-0.3
Mats Backman	-0.2	-	-	-	-	-	-0.2
Senior executives							
CEO Johan Menckel	-5.5	-3.3	-2.9	-6.2	-0.1	-1.9	-13.6
Deputy CEO Oskar Hellström	-2.8	-1.7	-1.5	-3.2	-0.2	-1.4	-7.7
Other senior executives (6 individuals)	-14.5	-10.3	-6.3	-16.6	-0.8	-2.5	-34.4
Total	-25.3	-15.4	-10.6	-26.0	-1.2	-5.7	-58.2

1) The amounts are attributable to 2019 but will be disbursed in 2020.

2) The amounts are attributable to 2018 but were disbursed in 2019.

Variable remuneration

Short-term incentive programme (STI)

The remuneration from STI is determined by a number of parameters consisting of financial key ratios for the Group, such as adjusted operating profit and cash conversion, and individual pre-determined targets.

Remuneration under STI 2019 may not exceed 60 per cent of the total basic salary paid to the CEO, deputy CEO and to the other members of Group Management, except for the person holding position as President Americas, whom may obtain 100 per cent of the total basic salary.

Long-term incentive programmes (LTI 2018, LTI 2017 and LTI 2016)

Gränges' long-term incentive programmes are offered to the company's senior executives and certain selected key persons. The incentive programmes aim to promote and encourage loyalty to the company by aligning personal objectives and interests with the shareholders' interest of strong share price performance and a good dividend.

The programmes are designed so that an amount corresponding to the outcome from STI for each year and participant is set aside in a so-called LTI bank. The costs for the long-term incentive programs are provided for during the performance years and are shown in the tables Remuneration and other benefits. Provided that the participant is still employed by Gränges, one third of the amount for LTI 2016 is paid per year during 2018, 2019 and 2020, for LTI 2017 during the years 2019, 2020 and 2021 and for LTI 2018 during the years 2020, 2021 and 2022. The payments are adjusted for the total return of the Gränges share. The total payment of LTI and STI in any one year is limited to 1.5 times an annual salary, except for the person holding position as President Americas, for whom such total payout is limited 2.0 times the annual salary.

Other benefits

Other benefits mainly consist of company cars and medical benefits.