

8 PAYROLL EXPENSES

Average number of employees

	2018		2017	
	Average no. of employees	Of which, women	Average no. of employees	Of which, women
Gränges AB				
Sweden	31	10	26	8
Subsidiaries				
Sweden	469	90	431	85
China	517	58	520	56
US	675	82	578	70
Other countries	8	1	13	2
Group total	1,699	241	1,568	221

Board members and other senior executives

	2018		2017	
	No. at balance sheet date	Of which, women	No. at balance sheet date	Of which, women
Board members	7	3	6	3
CEO, deputy CEO and other senior executives	8	1	8	1

Salaries, remuneration, social security contributions and pension costs

SEK million	2018			2017		
	Salaries and remuneration (of which, variable portion) ¹⁾	Social sec. contrib.	Pension	Salaries and remuneration (of which, variable portion) ¹⁾	Social sec. contrib.	Pension
Gränges AB						
Board, CEO, deputy CEO and other senior executives	-31 (-15)	-11	-5	-27 (-13)	-10	-5
Other employees	-33	-10	-6	-27	-8	-8
Subsidiaries						
Other senior executives	-20 (-11)	-2	-1	-16 (-7)	-1	-1
Other employees	-918	-175	-57	-820	-158	-33
Group total	-1,002	-198	-70	-890	-176	-47

1) During 2018 SEK 3 million (12) 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

Until the Annual General Meeting on 3 May 2018 the Board of Directors consisted of six members, elected by the Annual General Meeting in 2017. Following the Annual General Meeting in 2018 the Board of Directors consisted of seven members, elected by said Annual General Meeting. Two employee representatives and two deputy employee representatives are also represented on the Board.

The Chairman and other 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 and other senior executives consists of a basic salary, variable remuneration, other benefits and pension. Senior executives refer to the members of Group Management. During 2018 Group Management consisted of eight persons, including the CEO and Deputy CEO.

The basic salary for the CEO is deliberated in the Remuneration committee and adopted by the Board of Directors. For all other 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 CEO is subject to twelve months' notice by either party without deduction. In case of termination by the company the CEO is also entitled to severance pay of a further twelve monthly salaries, which is off-set against income from new employment. The contracts between the company and other senior executives, including the Deputy CEO, are subject to six months' notice by either party without deduction. In case of termination by the company the executive is entitled to severance pay of a further twelve monthly salaries, which is off-set against income from new employment.

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, reduced with what is being paid to ITP. 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 2018

	Basic salary/ Directors' fee	Short-term incentive pro- gramme (STI) ¹⁾	Long-term incentive programmes (LTI 2017, 2016 and 2015)	Total variable remuneration	Other benefits	Pension	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
Group Management							
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

Remuneration and other benefits in 2017

	Basic salary/ Directors' fee	Short-term incentive pro- gramme (STI) ²⁾	Long-term incentive programmes (LTI 2016 and 2015)	Total variable remuneration	Other benefits	Pension	Total
Board of Directors							
Anders G. Carlberg	-0.6	-	-	-	-	-	-0.6
Terje Andersen	-0.1	-	-	-	-	-	-0.1
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
Group Management							
CEO Johan Menckel	-5.2	-3.2	-2.4	-5.6	-0.1	-1.8	-12.8
Deputy CEO Oskar Hellström	-2.7	-1.6	-1.3	-2.9	-0.1	-1.3	-7.1
Other senior executives (6 individuals)	-13.4	-9.2	-3.0	-12.1	-0.6	-2.1	-28.2
Total	-23.7	-14.0	-6.7	-20.7	-0.8	-5.2	-50.4

1) The amounts are attributable to 2018 but will be disbursed in 2019.

2) The amounts are attributable to 2017 but were disbursed in 2018.

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 2018 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 2017, LTI 2016 and LTI 2015)

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 are provided for during the performance years and the provision for LTI for each year 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 2015 is paid per year during 2017, 2018 and 2019, for LTI 2016 during the years 2018, 2019 and 2020 and for LTI 2017 during the years 2019, 2020 and 2021. 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.