

Report of the Board of Directors of Bulten AB (publ) on the remuneration committee's result from the evaluation of the remuneration system at Bulten AB (publ)

The Board has established a remuneration committee and the committee's primary tasks are to:

- preparing the Board's resolutions regarding issues relating to remuneration principles, remuneration and other terms and conditions of employment for the company management,
- monitoring and evaluating programmes which are in progress or were concluded during the year for variable remuneration for the company management, and
- monitoring and evaluating the application of the guidelines for remuneration for senior management which, by law, the AGM must decide on, as well as prevailing remuneration structures and levels of remuneration in Bulten.

The Remuneration Committee annually reviews the compensation system and reports to the Board. In light of such evaluation Board submits the following report on the outcome of the Remuneration Committee's evaluation of remuneration.

Guidelines for remuneration for senior management

The guidelines for remuneration for senior management were adopted by the AGM in 2016. The guidelines stipulate that remuneration shall be such that Bulten must be able to ensure that the Group can recruit and retain competent senior managers. Remuneration within the Group shall therefore be based on the principles of performance, competitiveness and fairness. The guidelines for senior managers accepted by the meeting, at each time, are available on Bulten's website, www.finnvedenbulten.com.

The remuneration committee conducts recurrent comparative studies on remuneration and the remuneration levels at FinnvedenBulten. The remuneration committee also collects publicly available information on remuneration for senior managers in other companies. Using the collected information as a basis, the remuneration committee compared the remuneration received by senior managers within the Bulten Group with the remuneration and remuneration levels offered by other companies.

The remuneration committee's conclusions based on the above studies are that the principles expressed in the guidelines for senior managers adopted by the AGM are generally regarded as competitive. During the year salary revision has been conducted in order to secure that remuneration and principles for remuneration levels are competitive.

Fixed salary, pension and other benefits

The remuneration for senior management has comprised a fixed salary in line with market conditions and based on the senior manager's responsibilities, expertise and performance. All remuneration for senior management has been established on a calendar year basis. Furthermore, senior managers have been entitled to customary non-monetary benefits, such as health and medical insurance, a company car and occupational healthcare.

Senior managers domiciled in Sweden have been offered a contributory pension agreement based on premiums which amount to a maximum of 35% of the fixed annual salary on an annual basis (in addition to pension benefits to which senior managers are entitled in accordance with ITP plans). Senior managers who are domiciled outside Sweden or are domiciled in Sweden but have a significant link to another country or have previously been domiciled in another country have, in appropriate cases, been offered pension solutions that are competitive in the country in which the persons are or have been domiciled or to which they have a significant link. Defined-benefit pension solutions have not been applied.

Variable remuneration (bonus)

The 2016 programme for variable remuneration for senior management was based on performance goals related to growth, operating profit prior to goodwill depreciation (EBITA) and capital turnover. The goals for the outcome of variable remuneration are based at 20% of the outcome of growth, 60% on the outcome of EBIT in the Group and at 20% of the outcome capital turnover.

The outcome of the programme for variable remuneration has been limited to a maximum percentage of the respective manager's fixed remuneration. According to the guidelines for remuneration for senior management adopted by the AGM in April 2016, the variable remuneration may be based on performance targets. For the CEO this amounts to 60% of the annual fixed salary and for other senior managers it amounts to a maximum of 40% of the annual fixed salary. The variable remuneration shall not be pensionable or vacationable income.

Participants in the meetings of the remuneration committee have been kept continuously up to date as regards the outcome of the 2016 programme for variable remuneration based on performance targets.

The management team consists of eight people, incl. the CEO Tommy Andersson and Executive Vice President and CFO Helena Wennerström.

The variable remuneration paid for 2016 programme to present CEO Tommy Andersson and other senior managers amounts to SEK 2,875,990. The average outcome of the 2016 programme for variable remuneration amounts to 69.3%.

The variable remuneration for the 2016 program based on performance targets has for the CEO Tommy Andersson amounted to 35.2% of total salary. Other executives have variable remuneration for the 2016 program amounted to 21.5% of the total salary. In addition to variable remuneration for the 2016 program has been variable remuneration in respect of subsistence and other allowances paid to an amount of 137,694 SEK in accordance with applicable policies and collective agreements. Vacation benefits were only paid on a fixed salary.

The Board of Bulten has decided to propose to the Annual General Meeting, through the proposal for guidelines for remuneration to senior executives, to adjust performance targets so that performance targets for variable compensation shall be related to growth, operating profit before interest and tax depreciation (EBIT) and return on capital employed (ROCE). The combination of these parameters provides a well-mirrored image of the goals ahead in 2017.

Long-term share-based incentive programme

Prior to the Annual General Meeting, the Board has, in accordance with the guidelines for remuneration to senior executives, evaluated whether a new share-related or share-price-related incentive scheme shall be proposed to the Annual General Meeting 2017..

At the Annual General Meeting on April 26, 2016 resolved to establish a long-term share-based incentive program for approximately 15 senior executives and key employees of Bulten Group (the "Program"). The Program runs over three years starting in April 2016 and covers a maximum of 300,000 shares, corresponding to a dilution effect of approximately 1.50% of the total number of outstanding shares. The Program means that participants invest in shares in the company and for each invested share the participant will receive free of charge a so-called matching share. In addition, the participant has the opportunity to receive additional shares free of charge, so-called performance shares, provided that a performance target (EPS) determined by the Board is reached. In accordance with IFRS 2, the cost of the Program will be carried in the income statement during the vesting period (20 May 2016 -20 May 2019). Recognized costs for the share-based incentive scheme totalled SEK 1.1 (-) million in Q4 2016 and to SEK 3.0 (-) million for the full year 2016.

In accordance with the guidelines for remuneration to senior management, the Board of the AGM in 2017 considered a new incentive program to be proposed to the Annual General Meeting. The Board of Directors has decided not to propose tha AGM 2017 a new incentive program when the board first want to assess the final impact of the program before a new incentive program proposed.

No deviations from the guidelines

No deviations from the guidelines for remuneration to senior executives adopted at the Annual General Meeting 2016 has occurred.

Gothenburg, March 2017

Bulten AB (publ)

Board of Directors