

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 2018. 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 positions character, 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 market 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 total compensation received by senior managers within the Bulten Group with the remuneration and remuneration levels offered by other companies. The Remuneration Committee has carried out a job evaluation for all members of Group Management based on Mercer's international system for job evaluation (the IPE model) and based on this evaluation then conducted a market survey to measure remuneration levels with companies of the same magnitude as Bulten.

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).

Some senior executives resident in Sweden have previously had defined benefit pension plans. However, all of them have renegotiated these to the new premium-defined system. Senior managers who are domiciled outside Sweden may be offered, 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, preferably premium-based solutions. Benefit-based pension solutions should, as far as possible, always be avoided.

Variable remuneration (bonus)

The 2017 programme for variable remuneration for senior management was based on performance goals related to growth, operating profit prior to goodwill depreciation (EBITA) and return on capital employed. The goals for the outcome of variable remuneration are weight at 20% of the outcome of growth, 60% on the outcome of EBIT in the Group and at 20% of the outcome of return on capital employed .

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 2018, 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 includes holiday pay but is not pensionable.

At meetings of the Remuneration Committee, the Remuneration Committee has kept itself updated on the outcome of the 2018 program for variable remuneration based on performance targets.

The management team consists of nine people, incl. the CEO Anders Nyström and Executive Vice President and CFO Helena Wennerström. Until February 8, 2019, Tommy Andersson was CEO of the company.

The variable remuneration paid for 2018 programme to present CEO Anders Nyström and other senior managers amounts to SEK 3,375,034. The average outcome of the 2018 programme for variable remuneration amounts to 61.8%.

The variable remuneration for the 2018 program based on performance targets has for the CEO Anders Nyström amounted to 29.9% of total salary. Other executives have variable remuneration for the 2018 program amounted to 18.2% of the total salary. Variable remuneration includes holiday pay but has not been pensionable. In addition to variable remuneration for the 2018 program has been variable remuneration in respect of subsistence and other allowances paid to an amount of 128,000 SEK in accordance with applicable policies and collective agreements.

The Board of Directors has decided to propose to the Annual General Meeting, in principle, unchanged guidelines for remuneration to senior executives, with the addition of the long-term cash-based incentive program proposed by the Board, in which the outstanding amounts shall be used for the acquisition of shares. The targets for the short-term variable remuneration should relate to growth, operating profit

before goodwill amortization (EBITA) in relation to turnover and return on capital employed (ROCE). The combination of these parameters gives a well-mirrored picture of the business' goals for 2019. The goals for the long-term remuneration in LTI and the possibility of obtaining bonuses for each financial year are based on the fulfillment of a target set for the financial year regarding increase in the company's earnings per share ("EPS ") For the financial year compared to the previous financial year.

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 2019.

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 covered a maximum of 300,000 shares, corresponding to a dilution effect of approximately 1.5% 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. All in all, the number of matching shares amounts to 34,817, which corresponds to the number of shares that the participants invested in shares within the framework of the program. 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. At the end of 2018, it has been established that the performance targets have not been met and, in accordance with IFRS 2, previously closed costs attributable to the performance shares are reversed. As a result, profit after tax for the fourth quarter was positively affected by SEK 4 million. Correspondingly for the full year 2018, a positive earnings effect after tax of SEK 3 million.

In accordance with the guidelines, the Board of Directors has, before the Annual General Meeting 2019, considered whether a new incentive program should be proposed to the Annual General Meeting. The Board is of the opinion that Bulten shall have a long-term incentive program and propose to the Annual General Meeting the establishment of a long-term incentive program (LTI) in accordance with item 16 on the agenda.

No deviations from the guidelines

There have been no deviations from the guidelines for remuneration to senior executives that were adopted at the AGM 2018.

Gothenburg, March 2019
Bulten AB (publ)
Board of Directors