

## **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 2019. 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](http://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 2019 program for variable remuneration to senior executives was based on performance targets related to growth, operating profit before goodwill amortization (EBITA) in relation to sales and parameters related to return on capital employed (ROCE). The goals for outcomes of variable remuneration were based on 20% on outcomes related to growth, 60% on outcomes of EBITA in relation to the Group's turnover and to 20% on outcomes regarding 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 2019, 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 2019 program for variable remuneration based on performance targets.

The management team AS OF December 31, 2019 consists of nine people, incl. the CEO Anders Nyström and Executive Vice President and CFO Helena Wennerström.

The variable remuneration paid during the 2019 program to CEO Anders Nyström, former CEO Tommy Andersson and current other senior executives amount to a total of SEK 0. The average outcome of the 2019 variable remuneration program amounts to 0.0%.

The variable remuneration for the 2019 program based on performance goals has been 0.0% for all participants. The cost in 2019 for variable remuneration amounting to SEK 845,767 is due to the correction of the reserve for the 2018 program. Variable compensation includes holiday pay but has not been pensionable. In addition to variable remuneration for the 2018 and 2019 programs, variable remuneration in respect of allowance and other remuneration was paid out in an amount of SEK 270,015 in accordance with current policy 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. 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 2020. 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**

At the Annual General Meeting on April 26, 2016, it was decided to establish a long-term share-based incentive program for 15 senior executives and key personnel in the Bulten Group. The program ran over three years starting in April 2016 and included a maximum of 300,000 shares, which corresponds to a dilution effect of 1.5% of the total number of shares outstanding. The program meant that the participants invested in shares in the company and at the end of the program the participants received a so-called free of charge. matching share. In addition, the participant had the opportunity to obtain additional shares free of charge, so-called performance shares, provided that a performance target (earnings per share) set by the Board was met. At the end of 2018, it was found that the performance targets were not met and in accordance with IFRS 2, previously incurred costs attributable to the performance shares were reversed. In total, the number of matching shares amounted to 34,817, which corresponds to the number of shares that the participants invested in shares within the framework of the program.

Furthermore, in accordance with the guidelines for remuneration to senior executives, the LTI program approved by the meeting in April 2019. The program means that the participants for each financial year are given the opportunity to receive a bonus on meeting a target set for the financial year regarding the increase of the company's earnings per per share (earnings per share) for the financial year compared to the previous financial year. The incentive program runs over three years, starting in April 2019 until 31 March 2022. The cost of the program for the 2019 financial year was calculated to be a maximum of approximately SEK 7 million excluding social security contributions, however, the performance targets have not been met and therefore no bonus has been paid for the 2019 financial year.

### **No deviations from the guidelines**

There have been no deviations from the guidelines for remuneration to senior executives that were adopted at the AGM 2019.

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Gothenburg, March 2020

Bulten AB (publ)

Board of Directors