

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

The Board of FinnvedenBulten AB (publ), reg. no. 556668-2141 ("FinnvedenBulten") has established a remuneration committee. The remuneration committee has the task of preparing matters relating to remuneration for senior management where 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 FinnvedenBulten.

### **Guidelines for remuneration for senior management**

The guidelines for remuneration for senior management were adopted by the AGM in 2012. The guidelines stipulate that remuneration shall be such that FinnvedenBulten 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 FinnvedenBulten's website, [www.finnvedenbulten.com](http://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 FinnvedenBulten 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. Likewise the existing 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**

The 2012 programme for variable remuneration for senior management was based on performance goals related to operating profit prior to goodwill depreciation (EBITA) and average operating capital/sales. The goals for the outcome of variable remuneration are based at 50% of the outcome of EBITA in the Group and at 40% of the outcome of the return on capital employed (ROCE) and 10% for an individual performance target. For senior management responsible for the Bulten division, however, the goals for the outcome of variable remuneration are based at 25% of the outcome of the above-stated goals for the Group and at 75% of the outcome of corresponding goals for the Bulten division.

The outcome of the programme for variable remuneration is always 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 2012, 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.

Participants in the meetings of the remuneration committee have been kept continuously up to date as regards the outcome of the 2012 programme for variable remuneration based on performance targets.

The variable remuneration for the 2012 programme based on performance targets for senior managers amounted to SEK 0 during 2012. The average outcome of the 2012 programme for variable remuneration has been 0% for the Group's established programme, 0% for the Bulten division's established programme and 0% for Finnveden Metal Structures' established programme. The variable remuneration for the 2012 programme based on performance goals amounted to 0% of the fixed salary for the CEO and 0% of the fixed salary for other senior managers. The remuneration committee has therefore drawn the conclusion that the parameters used for the establishment of variable remuneration for the 2012 programme based on performance goals have been working well but the desired result is not obtained. In addition, costs for holiday remuneration, allowable expenses and other remuneration amounted to SEK 238,809 in accordance with applicable policy and collective agreement. Holiday remuneration is made up of both fixed salary and variable remuneration in accordance with the company's policy and collective agreement.

The remuneration committee intends to follow up the performance targets related to operating profit prior to goodwill depreciation (EBITA) but also to introduce parameters related to cash flow. The Board of FinnvedenBulten has decided to propose the Annual General Meeting that the proposed parameters should be introduced as the basis for the outcome of variable remuneration. The combination of these parameters provides a good reflection of the company's goals for 2013.

## **Long-term share-based incentive programme**

A long-term share-based incentive programme previously existed in the Group but was phased out in connection with the list of the Company's shares.

## **No deviations from the guidelines**

There have been no deviations from the guidelines adopted at the 2012 Annual General Meeting regarding remuneration for senior management.

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Gothenburg, April 2013

FinnvedenBulten AB (publ)

Board of Directors