

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 2015. 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 2015 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 30% of the outcome of growth, 50% on the outcome of EBITA 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 2015, 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 2015 programme for variable remuneration based on performance targets.

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

The variable remuneration paid for 2015 programme to present CEO Tommy Andersson and other senior managers amounts to SEK 1,372,940. The average outcome of the 2015 programme for variable remuneration amounts to 38.6%.

The variable remuneration for the 2015 program based on performance targets has for the CEO Tommy Andersson amounted to 19.3% of total salary. Other executives have variable remuneration for the 2015 program amounted to 11.0% of the fixed salary. In addition to variable remuneration for the 2015 program has been variable remuneration in respect of subsistence and other allowances paid to an amount of 115,335 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 continue performance targets for variable remuneration shall be related to growth, operating profit before goodwill amortization (EBITA) and capital turnover. The combination of these parameters provides a well-mirrored image of the goals ahead in 2016.

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 share-related or share-price-related incentive

scheme shall be proposed to the Annual General Meeting and has decided to propose to the Meeting the introduction of a long-term share-based incentive scheme.

The overall aim of the long-term share-based incentive scheme is to facilitate the company's ability to recruit and retain current and future managers and key individuals in the Group. The incentive scheme is designed to increase or create a personal ownership commitment among the participants, which can be expected to stimulate increased interest in the business and in its financial performance while increasing shared interests among the participating executives and the company's shareholders. The Board considers that the long-term share-based incentive scheme is part of a competitive remuneration package. The Board therefore considers overall that the offer is beneficial for both the company and its shareholders.

No deviations from the guidelines

No deviations from the guidelines for remuneration to senior executives adopted at the Annual General Meeting 2015 has occurred.

Gothenburg, March 2016

Bulten AB (publ)

Board of Directors