

The Board of Director's report on the evaluation pursuant to Article 9.1 Paragraphs 2-3 of the Swedish Corporate Governance Code

Variable remuneration to Group Management

For 2018, Group Management was comprised of Chief Executive Officer (CEO), Directors for Finance, Purchasing, Business Development, Marketing and Sales, as well as Human Resources (totalling 5.5 people). Variable remuneration is paid to all members of Group Management. The amount of variable remuneration is capped at 100% of annual salary for the CEO and 40% for all others in the Group Management. Variable remuneration is subject to predetermined and clearly set measurable target criteria with the aim of promoting the company's long-term value creation.

Actual outcome for the financial year 2018 means that variable remuneration has not been paid.

The Board believes that the existing system of variable remuneration works well and that the outcome of remuneration paid is reasonable and in line with the company's operational and financial performance. The system of annually revising the criteria for payment of variable remuneration also means a continuous monitoring and adjustment of variable remuneration, which enables the Board to, each year, link variable remuneration to factors that promote the company's long-term value creation.

Application of company guidelines for remuneration to senior executives as well as current remuneration structures and levels in the company

The Board has, in its evaluation of the application of company guidelines for remuneration to senior executives, found that current remuneration structures are consistent and well in line with the guidelines set by the General Meeting and with the overall principles that, according to the Swedish Corporate Governance Code, shall apply to the configuration of remuneration to senior executives, i.e. to ensure the company's access to executives with the competence and capacities to achieve the goals set for adapted expenses of the company.

Västerås, Sweden

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Board of Directors