

Report by the Board of Directors on the Compensation Committee's evaluation of remuneration to senior executives

The Board of Munters Group AB has established a Compensation Committee, which is composed of Joachim Zetterlund (chairman), Magnus Lindquist and Andreas Näsвик. The Board of Directors hereby renders the following report on the Compensation Committee's evaluation of remuneration to senior executives, pursuant to 10.3 of the Swedish Corporate Governance Code.

The main tasks of the Compensation Committee include to prepare issues relating to compensation and other employment terms for the senior executives. The Compensation Committee proposes guidelines for, among other things, the relationship between fixed and variable compensation and the relationship between performance and compensation, the principal conditions for bonuses and incentive schemes, conditions for non-monetary benefits, pensions, termination and severance pay. The Committee also makes proposals on individual compensation packages for the senior executives of the company. Furthermore, the Compensation Committee shall monitor and evaluate the outcome of variable compensation schemes and the company's compliance with remuneration guidelines adopted by the Annual General Meeting.

The Compensation Committee has, in accordance with its assignment, continuously monitored and evaluated the company's programmes for variable remuneration to the senior executives, as well as applicable guidelines for remuneration to the senior executives. The Compensation Committee has found that applicable guidelines for remuneration to the senior executives have been applied in a correct manner, and that the company's programmes for variable remuneration have been appropriate, functioned well and broadly satisfied their objectives. However, in accordance with the Compensation Committee's recommendation, the Board of Directors has resolved to propose revised guidelines to the Annual General Meeting, meaning a return to that the variable cash compensation shall be maximised to 70 per cent of the annual fixed salary for all members of the group management, except for the CEO.

The Compensation Committee has also monitored and evaluated the remuneration structures and remuneration levels in the company and the Compensation Committee finds these to be in accordance with market conditions and well-balanced. Furthermore, the Compensation Committee has evaluated the existing employee stock option programme for members of the group management and certain other key employees and has found that it has worked well, but that it would be favourable to, in future programmes, make certain adjustments to ensure that the incentives going forward are fully aligned with the company's strategic goals. The Compensation Committee has therefore, ahead of the Board's resolution to propose the Annual General Meeting to approve an employee stock option programme, prepared a proposal on an employee stock option programme including certain performance conditions.

Stockholm, April 2019

Munters Group AB

The Board of Directors