

## **THE BOARD OF DIRECTORS' REPORT ON EVALUATION OF COMPENSATION OF SENIOR EXECUTIVES IN ACCORDANCE WITH POINT 10.3 OF THE SWEDISH CORPORATE GOVERNANCE CODE**

The Board of Directors of Rottneros AB has established a Compensation Committee, which since the 2015 AGM, consists of Rune Ingvarsson, chairman of the committee, Roger Asserståhl, Marie S. Arwidson and Per Skoglund.

The Compensation Committee's tasks are, among other things, to monitor and evaluate the company's variable compensation programs for the CEO and other senior executives. The Compensation Committee is also tasked with monitoring and evaluating the application of the Annual General Meeting's guidelines for compensation of senior executives as well as applicable compensation structures and compensation levels in the company. Further, the Compensation Committee shall report the result of the evaluation to the Board of Directors.

The Board of Directors hereby submits its report on the evaluation performed by the Compensation Committee.

In accordance with the adopted guidelines for compensation of the CEO and other senior executives of Rottneros AB, the compensation shall consist of the following components: fixed salary, possible variable compensation, other benefits and pension benefits. According to the guidelines the variable compensation shall have a cap as follows: 50 per cent of the base salary for the CEO and 30 per cent of the base salary for the other senior executives.

The Compensation Committee has evaluated the company's program for variable compensation during 2015. The opinion is that the program serves its purpose and is in line with adopted guidelines. The Compensation Committee has also evaluated the application of the adopted guidelines for compensation of senior executives, and it has established that the guidelines have been adhered to. Further, the Compensation Committee is of the opinion that the applicable structures and levels of such compensation provide the requirements for a total compensation that is fair and competitive.

The Board is of the opinion that the application of guidelines for compensation to senior executives have been accurate and well balanced, and that the outcome of variable compensation is in line with goals achieved.

Vallvik, April 2016

The Board of Directors of Rottneros AB

*This is an in-house translation. In case of any discrepancies between the Swedish original and this translation, the Swedish original shall prevail.*