

The Board of Directors' report on the Compensation Committee's evaluation of compensation to 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 consisting of Ulf Carlson, Per Lundeen and Per Skoglund, with Per Lundeen as chairman.

The Compensation Committee's tasks are, among other things, to monitor and evaluate all of 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 guidelines for compensation of senior executives adopted by the Annual General Meeting as well as to monitor and evaluate applicable compensation structures and compensation levels. Further, the Compensation Committee shall report the result of the evaluation to the Board.

The Board hereby submits its report on the Compensation Committee's evaluation.

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 fixed salary for the CEO and 30 per cent of the fixed salary for other senior executives. In addition, the CEO is entitled to a "stay on bonus" according to the special agreement at the employment which is paid after three completed years from the first day of employment, a maximum of SEK 2 million, which is due for payment on August 1, 2019.

The Compensation Committee has monitored and evaluated the company's program for variable compensation during 2018 and is of the opinion that the program serves its purpose and is in line with the adopted guidelines. The Compensation Committee has also monitored and evaluated the application of the adopted guidelines for compensation of senior executives, and has established that the guidelines have been adhered to and that they are appropriate to the purpose. Further, the Compensation Committee is of the opinion that the applicable structures and levels of such compensation provide 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, March 2019

The Board of Directors of Rottneros AB

This is a translation of the Swedish original wording. In case of discrepancies, the Swedish version shall prevail.