

Evaluation of compensation to Group management in the B&B TOOLS Group 2011/2012

1 Background and objective

On 1 February 2010, a new revised Swedish Code of Corporate Governance (“the Code”) came into effect. The changes to the Code with respect to compensation were a direct adjustment to new EU recommendations (“2009/3177/EG”).

Compensation to Group management in the B&B TOOLS Group is established based on the guidelines determined by the Annual General Meeting, which are available in their entirety in B&B TOOLS’ 2010/2011 Annual Report. The guidelines state that the Company’s ability to recruit, provide long-term motivation for and retain competent employees who create long and short-term shareholder value is crucial to the Board of Directors. To achieve this goal, it is important to offer competitive terms.

In accordance with the guidelines, the total compensation package should comprise a balanced combination of fixed salary, variable compensation, long-term incentive programmes, pension benefits and other benefits. Variable compensation and long-term incentive programmes should primarily be linked to the Group’s earnings and value performance. The Company’s compensation levels and compensation structures for members of Group management are to be in line with market conditions.

2 Evaluation

The Compensation Committee has requested that the compensation for the 2011/2012 financial year be evaluated in view of section 9.1 of the Code.

The conclusion of this evaluation is that, based on the information available, there are no indications that the existing compensation levels and compensation structures for Group management deviate from the guidelines determined by the Annual General Meeting.

Stockholm, July 2012

The Board of Directors
B&B TOOLS AB (publ)