

# Evaluation of remuneration of Group management in Bergman & Beving 2017/2018

## 1 Remuneration of senior management

The fundamental principles for salary and other remuneration to senior management are proposed to and approved by the Annual General Meeting and these principles are published in full in the Annual Report.

The various remuneration components are designed to successfully attract and retain competent members of Group management to create lasting value for the company and its stakeholders. Therefore, the remuneration principles for Group management should contain a well-balanced mix of fixed salary, variable remuneration and long-term incentive programmes, pension benefits, other benefits and principles for termination of employment and severance pay.

## 2 Compensation Committee

The Board's Compensation Committee, which during the 2017/18 financial year consisted of Chairman of the Board Anders Börjesson, who is also Chairman of the Committee, and Johan Sjö, held one meeting during 2017/18.

The Compensation Committee prepared issues concerning ongoing and proposed incentive programmes and other remuneration matters brought before the Board of Directors for decision. The Compensation Committee has managed the annual salary review process for the CEO and provided guidance in the salary review process for other members of Group management.

## 3 Evaluation and conclusion

In line with the provisions of the Code and in accordance with the Group's long-term objectives and strategies, the Compensation Committee has evaluated the application of the principles for remuneration and the extent to which these have been followed for senior management in 2017/2018.

The Compensation Committee has concluded that the remuneration principles have been applied and followed in compliance with the established and approved principles adopted by the 2017 Annual General Meeting. The Compensation Committee has determined that the company's remuneration structures and levels are appropriate and in line with market conditions.

The Compensation Committee also found that the variable remuneration – both the cash component and share-based component in the form of incentive programmes for senior management – served as both an incentive for participants and contributed to value creation.

During the year, the Compensation Committee evaluated the long-term incentive programmes and during the 2017/2018 year, there were three such incentive programmes ongoing, of which two option programmes (2013/2014) with exercisable options (the 2013 programme was concluded in April 2017 and the 2014 programme was concluded in June 2018) and one option programme (2017) with options that were not yet exercisable. The exercise price for the 2017 programme was established shortly after the 2017 Annual General Meeting. The costs for the exercisable options have been hedged by way of a decision made at the Annual General Meeting regarding the repurchase of own shares.

Stockholm, June 2018

Compensation Committee of Bergman & Beving AB (publ)

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