



NOTICE OF ANNUAL GENERAL MEETING IN MUNTERS GROUP AB

The shareholders of Munters Group AB (reg.nr 556819-2321) are hereby invited to attend the Annual General Meeting to be held at 3 p.m. CET on Wednesday 8 May 2019 at Kista Entré Konferens at the address Knarrarnäsgatan 7 in Kista, Stockholm, Sweden. Registration will commence at 2 p.m. CET.

A. RIGHT TO PARTICIPATE IN THE ANNUAL GENERAL MEETING

Shareholders who wish to participate in the annual general meeting must:

firstly, be registered in the share register maintained by Euroclear Sweden AB on Thursday 2 May 2019, and

secondly, notify the company of their intention to attend the annual general meeting by mail under the address Munters Group AB, "Årsstämma 2019", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, by calling +46 8-402 92 73 weekdays between 9 a.m. and 4 p.m., or at the website www.munters.com, no later than Thursday 2 May 2019.

In connection with notification, shareholders must state their name, address, telephone number (daytime), personal or corporate identity number, and information concerning their shareholding. Shareholders or proxies for shareholders may be accompanied by a maximum of two representatives at the annual general meeting. Representatives may attend the annual general meeting only if the shareholder gives notice of their attendance as described above for notification of participation of shareholders. For shareholders who will be represented by proxy at the annual general meeting, the power of attorney in original must be enclosed with the notification. A form for the power of attorney is available on the company's website, www.munters.com and will be sent by mail on request to shareholders who state their address. A power of attorney is valid one year from its issue date or such longer time period as set out in the power of attorney, however not more than five years. For those representing a legal entity, a verified copy of the registration certificate or corresponding documents showing the company's signatories must also be submitted.

In order to be entitled to participate at the annual general meeting, shareholders whose shareholding is registered in the name of a trustee must re-register their shares in their own name at Euroclear Sweden AB. Shareholders who require such re-registration should notify their trustee well in advance so that the shareholder is entered in the share register maintained by Euroclear Sweden AB on Thursday 2 May 2019, when such re-registration must have been completed. Such registration may be temporary.

B. AGENDA OF THE ANNUAL GENERAL MEETING

Proposal for agenda

Opening of the annual general meeting.

1. Election of Chairman of the annual general meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of two persons to check the minutes of the annual general meeting together with the Chairman.
5. Determination of whether the annual general meeting has been duly convened.
6. Presentation of the annual report and the auditor's report, the consolidated financial statements and the auditor's report on the consolidated financial statements for 2018. In connection herewith, a report by the Chairman of the Board of Directors Magnus Lindquist of the work of the Board of Directors during 2018 and a presentation by President and CEO Johan Ek.
7. Resolution to adopt the income statement, the balance sheet, the consolidated income statement and the consolidated balance sheet for 2018.
8. Resolution on appropriation of the company's profit as shown on the adopted balance sheet.
9. Resolution on discharge of the Board members and the CEO from personal liability towards the company for the administration of the company in 2018.
10. Resolution on number of Board members and alternate Board members to be elected at the annual general meeting.
11. Resolution on remuneration payable to the Board members.
12. Election of Board members
 - a. Magnus Lindquist
 - b. Johan Ek
 - c. Helen Fasth Gillstedt
 - d. Per Hallius
 - e. Andreas Näsвик
 - f. Lena Olving
 - g. Kristian Sildeby
 - h. Juan Vargues
13. Election of Chairman of the Board of Directors.
14. Resolution on remuneration payable to the auditor.
15. Resolution on guidelines for the remuneration of senior executives.
16. Resolution on the implementation of a long-term incentive programme including resolutions on issuance of employee stock options in accordance with (a) and hedging arrangements in respect of the programme in accordance with (b) or (c).
17. Resolution on authorisation for the Board of Directors to issue new shares and/or convertible bonds and/or warrants.
18. Closing of the annual general meeting.

Proposals

Resolutions proposed by the Nomination Committee

The Nomination Committee appointed ahead of the 2019 annual general meeting, which consists of Robert Furuholm, Chairman of the Nomination Committee (Nordic Capital), Lars Wedenborn (FAM AB), Tomas Risbecker (AMF Försäkringar och Fonder), Johan Grip (Första AP-fonden) and Magnus Lindquist (Chairman of the Board of Directors), has proposed the following.

Proposal regarding election of Chairman of the annual general meeting (Item 1)

The Nomination Committee has proposed that Emil Boström, member of the Swedish Bar Association and partner at Mannheimer Swartling Advokatbyrå, is elected Chairman of the 2019 annual general meeting.

Proposals regarding number of Board members and alternate Board members, remuneration payable to the Board members and the auditor, and election of Board members and Chairman of the Board of Directors (Items 10-14)

The Nomination Committee has proposed the following:

- that the number of ordinary Board members shall be eight, without alternate Board members,
- that board fees and fees for work in the Committees of the Board of Directors, for non-employed members of the Board of Directors elected by the Annual General Meeting, should be paid as follows: SEK 1,050,000 to the Chairman of the Board of Directors, SEK 400,000 to each of the other members of the Board of Directors, SEK 150,000 to the Chairman of the Audit Committee, SEK 100,000 to each of the other members of the Audit Committee, SEK 100,000 to the Chairman of the Compensation Committee and SEK 50,000 to each of the other members of the Compensation Committee,
- that the fees to the auditor should be paid in accordance with normal standards and approved invoice, and
- that the ordinary Board members Magnus Lindquist, Johan Ek, Helen Fasth Gillstedt, Per Hallius, Andreas Näsvisk, Lena Olving and Kristian Sildeby should be re-elected as Board members, and that Juan Vargues should be elected as new Board member in the Company. Joachim Zetterlund has declined re-election. The Nomination Committee also proposes re-election of Magnus Lindquist as Chairman of the Board of Directors.

Juan Vargues

Born: 1959

Education and professional experience: Management Education from IMD Lausanne (CH), Executive MBA from Lund University (EFL), High School Degree in Mechanical Engineering from Tekniska Vuxengymnasiet in Gothenburg. Nearly 25 years of experience of leading positions in global industrial goods companies, including ASSA ABLOY and Besam.

Other current assignments/positions: President and CEO of Dometic Group AB.

Selected previous assignments: Executive Vice President of ASSA ABLOY, President and CEO of ASSA ABLOY Entrance Systems, President and CEO of Besam Group, Executive Vice President, Head of Europe and Marketing Director of Besam Group, and executive positions within SKF Group.

The registered audit firm Ernst & Young AB was elected as the company's auditor at the 2016 annual general meeting for a period of four years until the end of the 2020 annual general meeting. The audit firm has notified that the authorised public accountant Rickard Andersson will be auditor in charge.

Resolutions proposed by the Board of Directors

Proposal regarding appropriation of the company's profit as shown on the adopted balance sheet (Item 8)

The Board of Directors proposes that no dividend is to be distributed for the financial year 2018 and that the company's profit of in total SEK 4,149,872,124, including this year's result of SEK -11,370,898, should be carried forward.

Proposal regarding guidelines for the remuneration of senior executives (Item 15)

The Board of Directors proposes that the annual general meeting 2019 resolve on guidelines for the remuneration of senior executives to apply up to the annual general meeting 2020, pursuant to the following.

The group of senior executives encompassed by the guidelines comprises the CEO and other members of Group executive management, as well as members of the Board of Directors of the company, to the extent employment or consulting agreements are entered into. The guidelines are valid for remuneration under agreements entered into after the approval of the guidelines by the annual general meeting, and for changes made to existing agreements thereafter.

The remuneration to the management may consist of fixed salary, variable compensation, long-term incentive programmes, pension and other benefits. The total remuneration package should be based on market terms, be competitive and enable the company to recruit and retain the managers the company needs to meet its short-term and long-term targets.

Fixed salary

The fixed salary for the CEO and the other members of the senior management shall mirror the demands and responsibility that the position entails as well as individual performance. The fixed salary for the CEO and the other members of the senior management is to be reviewed on a yearly basis.

To the extent a member of the Board of Directors carries out work for the company or for another group company, in addition to the board work, consulting fees and/or other remuneration for such work may be payable.

Variable compensation

Variable compensation in cash is conditional upon the fulfilment of defined and measurable criteria and should be maximised to 140 per cent of the annual fixed salary for the CEO and 70 per cent for the other members of senior management.

The criteria for variable compensation in cash are determined to support the company's and the group's short-term and long-term targets, long-term development, value creation and financial growth and shall be designed not to encourage excessive risk taking. Terms and conditions for variable compensation in cash should be designed so that the Board of Directors, if exceptional economic circumstances prevail, has the option of limiting or refraining from payment if such a measure is considered reasonable. In this context, fixed annual salary means cash salary earned during the year, excluding pension, supplements, benefits and similar.

Long-term incentive programmes

The aim of having long-term incentive programmes is to create a long-term commitment to the company, to attract and retain members of the senior management and key employees and to align the interests of the participants with the interests of the shareholders.

Long-term incentive programmes, if any, should constitute a complement to the fixed salary and the variable compensation in cash, with participants to be nominated based on, among other things, competence and performance.

Pension

Pension benefits should be defined contribution. For senior executives outside Sweden, pension benefits may vary due to legislation or practice in the local market.

Other benefits and compensation

Fixed salary during notice periods and severance payment, including payments for any non-compete restrictions, shall in aggregate not exceed an amount equivalent to the fixed salary for two years for the CEO and 18 months for the other members of senior management.

Other compensation may consist of other benefits that are customary and in line with market practice, such as healthcare insurance, which shall not constitute a material portion of the total remuneration.

Additional compensation may after decision by the Board of Directors be paid out in extraordinary circumstances, provided that such arrangement is made for management recruitment or retention purposes and is agreed only in individual cases. Such extraordinary arrangements may for example include a one-off cash payment, or a support package including relocation support or similar.

Deviation from the guidelines

The Board of Directors may resolve to deviate from the guidelines if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.

Proposal regarding the implementation of a long-term incentive programme including resolutions on issuance of employee stock options in accordance with (a) and hedging arrangements in respect of the programme in accordance with (b) or (c) (Item 16)

Background and reasons for the proposal

The Board of Directors proposes that the annual general meeting resolve to implement a long-term incentive programme in the form of a performance based employee stock option program for members of the group management and certain other key employees (“**LTIP 2019**” or the “**Programme**”).

The Board of Directors is of the opinion that share-related long-term incentive programmes for members of the group management and certain other key employees are of essential importance for the company’s development. The overall purpose of the Programme is to attract and retain talent over time, to drive increased engagement and performance among the participants of the Programme, and to align the interests of the participants of the Programme with those of the shareholders in the company. The

Board of Directors is of the opinion that the proposed Programme is well-balanced and that it will benefit the company and its shareholders.

The Programme is a complement to Munters' ongoing incentive programmes, i.e. the programme that was implemented in connection with the company's IPO, and the programme that was approved by the annual general meeting 2018. These programmes are described in the annual report for the financial year 2018 in note 32. The Programme now proposed will include members of the group management as well as certain other key employees of the company.

(a) Issuance of employee stock options

The Board of Directors proposes that the annual general meeting resolve on the issuance of employee stock options on the following principal terms.

1. The Programme shall comprise no more than 1,595,000 employee stock options divided in three series, of which no more than 797,500 employee stock options of Series A, no more than 319,000 employee stock options of Series B, and no more than 478,500 employee stock options of Series C. No more than 100,000 of these employee stock options may be cash-settled and remaining employee stock options shall entitle to the acquisition of shares in the company. The employee stock options shall be granted free of charge. The employee stock options shall not be deemed securities and shall be non-transferable.

2. The employee stock options shall be granted to members of the group management and certain other key employees (approximately 72 employees in total) according to the following:

- Category 1. The CEO with an allotment of no more than 150,000 employee stock options.
- Category 2. No more than 5 employees in the group management, in total no more than 260,000 employee stock options for the category, with allotment of no more than 52,000 employee stock options per employee.
- Category 3. No more than 39 employees with own regional or local responsibility for income statements, or with responsibility for programmes or activities having a substantial impact on global or regional income statements, in total no more than 780,000 employee stock options for the category, with allotment of no more than 20,000 employee stock options per employee.
- Category 4. No more than 27 employees with deep and critical skills for the group in a technical or functional area, or employees with potential significant impact on financial results of the group, in total no more than 405,000 employee stock options for the category, with allotment of no more than 15,000 employee stock options per employee.

The number of employee stock options that each employee is entitled to in accordance with the above, shall be divided pro rata between the three series in accordance with the following; 50% of Series A, 20% of Series B and 30% of Series C.

3. Exercise of the employee stock options of Series A and Series B is dependent on the extent to which certain performance targets are satisfied during the financial years

2019-2021 (the “**Performance Period**”). The performance conditions determine the extent to which (if any) the employee stock options of the respective series may be exercised to acquire shares in the company or receive a cash amount at the expiry of a period of three years from and including the date of the grant of the employee stock options (the “**Vesting Period**”).

The eligibility to exercise the employee stock options of Series A is subject to the compound annual growth rate in adjusted EBITA for Munters during the Performance Period, and the eligibility to exercise the employee stock options of Series B is subject to the compound annual growth rate in Munters’ net sales during the Performance Period. If the outcome of a performance condition equals or is less than the minimum level of the performance condition, no employee stock options of the relevant series may be exercised. If the outcome of a performance condition equals or exceeds the maximum level, all employee stock options of the relevant series may be exercised. If the outcome of a performance condition falls between the minimum level and the maximum level, the number of employee stock options of the relevant series that may be exercised will be proportionally reduced between 0-100%.

The minimum and maximum levels of the performance conditions are set out in the table below.

Series and performance condition	Minimum level	Maximum level
Series A – compound annual growth rate (CAGR) in adjusted EBITA during the Performance Period	7%	14%
Series B – compound annual growth rate (CAGR) in net sales during the Performance Period	2.5%	5%

The Board of Directors shall be entitled to adjust the minimum and maximum levels of the performance conditions if extraordinary events occur, whereby the adjustments shall aim to maintain appropriate target levels and not make it harder or easier to satisfy the performance conditions. The exercise of employee stock options of Series C is not subject to any performance condition.

4. The employee stock options shall be allotted as soon as possible after the 2019 annual general meeting. For new employees allotment may take place at a later point in time but prior to the 2020 annual general meeting.

5. Cash-settled employee stock options may only be allotted to Programme participants in such countries where the granting of employee stock options that entitle to the acquisition of shares is not possible or suitable for legal or tax reasons, and the Board of Directors may consequently not decide upon cash-settlement on a discretionary basis.

6. Each employee stock option that is not cash settled shall entitle the holder to acquire one share in the company at an exercise price equivalent to 110% of the volume-

weighted average price paid for the company's shares at Nasdaq Stockholm during a period of ten business days immediately following the 2019 annual general meeting. The exercise price calculated according to the above shall be rounded to the nearest SEK 0.01, whereby SEK 0.005 shall be rounded upwards. The exercise price and the number of shares that may be acquired for each employee stock option held shall be re-calculated in the event of intervening bonus issues, splits, rights issues or other similar corporate events.

7. Each cash-settled employee stock option shall entitle the holder to a cash amount equivalent to the value of one share in the company, calculated as the volume-weighted average price paid for the company's shares at Nasdaq Stockholm during a period of ten business days immediately prior to the exercise of the option, with deduction of an exercise price determined according to paragraph 6 above. Re-calculation in the event of intervening bonus issues, splits, rights issues or other similar corporate events shall also be made for cash-settled employee stock options.

8. The Programme participants shall be able to exercise employee stock options during a one year period as from and including the date of the expiry of the Vesting Period. In accordance with customary terms and conditions, it shall be possible to exercise the employee stock options prematurely in the event of, *inter alia*, compulsory redemption of shares, liquidation or merger. Exercise of the employee stock options shall as a principal rule be conditional upon the Programme participant still being employed with the group at the time of exercise and has been employed with the group during the whole Vesting Period.

9. Participation in the Programme requires that such participation is legally possible, and that the administrative costs and financial efforts for the company are reasonable in the opinion of the company.

10. If the Board of Directors, considering the group's result and financial position, the conditions on the stock market and other circumstances, would consider the number of employee stock options subject to exercise to be clearly unreasonable, the Board of Directors shall be able to reduce the number of employee stock options subject to exercise. Such reduction may result in the number of employee stock options subject to exercise being reduced to zero.

Hedging and dilution

The Board of Directors has considered different methods to secure the delivery of shares upon exercise of employee stock options that are not cash-settled, as well as to cover the cash-flow effects associated with the Programme (primarily social security charges and cash-settled employee stock options), in order to implement the Programme in a cost-effective and flexible manner. The Board of Directors has found the most cost-effective alternative to be, and thus proposes that the annual general meeting as a main alternative resolve on, repurchase and transfer of own shares (see item (b) below). With regard to the number of own shares that the company has previously repurchased, in order to secure delivery obligations of shares and to cover cash-flow effects associated with the LTIP 2018, shares which wholly or partly may become available for delivery under the Programme depending on the outcome of the LTIP 2018, the Board of Directors proposes that the authorisation to repurchase shares shall not cover the full number of shares that may be needed for the company's obligations under the Programme, but instead shall cover a lower number of shares. If the assessment is subsequently made that additional shares may need to be repurchased, the Board of Directors may propose future annual general meetings to

give authorisations to repurchase shares to further secure the company's obligations under the Programme.

Prior to expiry of the Programme, the Board of Directors intends to propose to the annual general meeting 2022 that transfers be made of own shares on a regulated market in order to cover the cash-flow effects associated with the Programme.

Should the majority required under item (b) below not be reached, the Board of Directors proposes that Munters shall be able to enter into an equity swap agreement with a third party, in accordance with item (c) below.

Neither of the hedging alternatives referred to above give rise to an increase of the number of shares in the company and, accordingly, no dilutive effect in terms of shares issued will occur for existing shareholders.

Costs etc.

The employee stock options are expected to incur costs for the group in the form of social security charges upon exercise, as well as accounting costs during the period the employee stock options remain outstanding. These costs are estimated to amount to approximately SEK 13 million. The calculation of the costs has been carried out based on, *inter alia*, the following: (i) the price of the company's shares at Nasdaq Stockholm amounting to SEK 42 per share at the time of the allotment and to SEK 62 per share at the third anniversary of the allotment, (ii) the exercise price determined in accordance with paragraph 6 above amounting to SEK 46.20, (iii) 85% of employee stock options allotted in the Programme are exercised, (iv) the risk-free interest rate is 0.0% and volatility amounts to 26% during the period from the time of the allotment to the third anniversary of the allotment, and (v) a satisfaction of the performance conditions of 88%.

Based on the above basis for the cost calculation and the assumption of an average share price during the last 12 months before the employee stock options may be exercised amounting to SEK 58, the dilutive effect on earnings per share would amount to 0.07% throughout the duration of the Programme, provided that the number of outstanding shares in the company is unchanged throughout the duration of the Programme.

(b) Repurchase and transfer of own shares

(i) The Board of Directors proposes that the annual general meeting resolve to authorise the Board of Directors to resolve on repurchase of shares in the company in relation to LTIP 2019 according to the following:

- Acquisitions may be made of no more than 385,000 shares in order to secure the delivery obligations of shares to participants in the Programme and for subsequent transfers on a regulated market to cover cash-flow effects associated with the Programme, primarily social security charges and cash-settled employee stock options.
- The shares may only be acquired on Nasdaq Stockholm.
- The authorisation may be exercised on one or more occasions, until the 2020 annual general meeting.

- The shares may only be acquired at a price per share within the from time to time registered trading interval.

(ii) The Board of Directors proposes that the annual general meeting resolve to transfer shares in the company in relation to LTIP 2019 according to the following:

- No more than 1,495,000 shares may be transferred. Right to acquire shares shall, with deviation from the shareholders' preferential rights, be granted the persons participating in LTIP 2019, with a right for each participant to acquire the maximum number of shares as set out in the terms and conditions of the Programme. In addition, subsidiaries of the company shall, with deviation from the shareholders' preferential rights, be entitled to acquire shares free of charge, whereupon such subsidiary shall be obliged to, in accordance with the terms and conditions of LTIP 2019, immediately transfer the shares to the participants in the Programme.
- Transfer to the participants of LTIP 2019 shall be made at the time, to the price and on the other terms and conditions of LTIP 2019 at which participants of the Programme are entitled to acquire shares.
- The number of shares that may be transferred shall be re-calculated in the event of intervening bonus issues, splits, rights issues or other similar corporate events.

The transfer of own shares is a part of the proposed LTIP 2019 and the Board of Directors considers it to be of benefit for the company and its shareholders that the participants of the Programme are offered the opportunity to become shareholders in the company on the terms and conditions of LTIP 2019.

(c) Equity swap agreement with a third party

Should the majority required under item (b) above not be reached, the Board of Directors proposes that the annual general meeting resolve that the expected financial exposure of the Programme shall be hedged by Munters being able to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer shares in Munters to the Programme participants.

Conditions

The annual general meeting's resolution according to item (a) above is conditional upon the meeting either resolving in accordance with the Board of Directors' proposal under item (b) above or in accordance with the Board of Directors' proposal under item (c) above.

Majority requirements

The annual general meeting's resolution according to item (a) above requires a simple majority among the votes cast. A valid resolution under item (b) above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the meeting approve the resolution. A valid resolution under item (c) above requires a simple majority among the votes cast.

Preparation of the proposal

The company's Compensation Committee has prepared the general guidelines for the proposed Programme. These guidelines have been presented to and adopted by the Board of Directors. The Board of Directors has subsequently decided that the Programme shall be proposed to the annual general meeting.

Proposal regarding the authorisation for the Board of Directors to issue new shares and/or convertible bonds and/or warrants (Item 17)

The Board of Directors proposes that the annual general meeting resolve to authorise the Board of Directors to resolve, on one or several occasions, prior to the next annual general meeting, on a pre-emptive or non-pre-emptive basis, on the issuance of shares and/or convertible bonds and/or warrants. Such resolution may provide for payment in kind, payment against set-off of claims and/or on other conditions. The Board of Directors may not, however, deviate from the shareholders' pre-emptive rights in case of an issuance against cash payment. The number of shares that may be issued, the number of shares that convertible bonds may be converted into and the number of shares that may be subscribed for by the exercise of warrants may not exceed 18,359,780 shares in total.

If the authorisation is exercised in full, the dilution would amount to approximately 10 per cent of the number of shares in the company (counted before the authorisation has been exercised). The Board of Directors, or any person appointed by it, is authorised to make any minor adjustments to the resolution that may be necessary to enable registration with the Swedish Companies Registration Office (Sw: *Bolagsverket*).

Majority requirements, etc.

The purpose of the authorisation is to enable payment through the issuance of own financial instruments in connection with possible acquisitions that the company may make as well as to raise capital in connection with and in order to finance such acquisitions. A valid resolution in accordance with the Board of Directors' proposal requires that shareholders representing at least two-thirds of both the number of votes cast and the shares represented at the annual general meeting support the resolution.

C. NUMBER OF SHARES AND VOTES IN THE COMPANY

The total number of shares and voting rights in the company is 183,597,802. All shares are of the same class.

D. AVAILABLE DOCUMENTATION

The annual report and the auditor's statement, and other documents, will be available for the shareholders at the company's office in Kista and on the company's website www.munters.com no later than on 17 April 2019. Copies of the documents will be sent to those shareholders who request to receive such information and who have provided their address.

E. INFORMATION AT THE ANNUAL GENERAL MEETING

At the annual general meeting, the Board of Directors and the CEO shall, if requested by a shareholder and the Board of Directors considers that it can be done without material damage to the company, provide information regarding issues that may (i) affect the assessment of an item on the agenda, (ii) affect the assessment of the

company's or a subsidiary's financial situation or (iii) concern the company's relation to another group company. A shareholder may send questions in advance by mail to Munters AB, "Årsstämma 2019", Box 1188, SE-164 26 Kista, Sweden or by email to info@munters.com.

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Stockholm, April 2019

Munters Group AB

The Board of Directors