

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 Thursday 7 May 2020 at Kista Science Tower, Auditoriet, at the address Färögatan 33 in Kista, Stockholm, Sweden. Registration for the Annual General Meeting will commence at 2.30 p.m. CET.

Information with regards to the coronavirus

The Board of Directors of Munters has resolved on the following measures to minimize the risk of the spread of the coronavirus at the annual general meeting:

- Registration for the annual general meeting will commence at 2.30 p.m. CET.
- External guests will not be invited.
- No refreshments will be served.

The presentations by the Chairman of the Board of Directors and the President and CEO, respectively, will be shortened. These presentations will be recorded and made available on Munters website after the general meeting.

On 30 March 2020, for the purpose of minimizing the risk of the spread of the coronavirus, the government presented a government bill (Government Bill 2019/20:143) proposing temporary provisions to increase the possibility for companies to collect powers of attorney and provide postal voting in connection with general meetings. In short, the proposal means that the board of directors of the company may resolve that shareholders who choose not to physically attend the general meeting may exercise their voting rights at the general meeting either by providing a power of attorney to a person appointed by the company or by post. The act is proposed to come into force on 15 April 2020. If coming into force occurs prior to the annual general meeting, Munters intends to provide for postal voting. In that case, information will be published through a press release and be available on Munters website, www.munters.com.

Please see the information and recommendations issued by the Public Health Agency of Sweden. Munters follows the development and the recommendations of the authorities and will, if necessary, update the information about the annual general meeting on Munters website, www.munters.com.

A. RIGHT TO PARTICIPATE IN THE 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 30 April 2020, and

secondly, notify the company of their intention to attend the annual general meeting by mail under the address Munters Group AB, "Årsstämma 2020", 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 30 April 2020.

In connection with the 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 general meeting. Representatives may attend the 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, 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 in 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 30 April 2020, when such re-registration must have been completed. Such registration may be temporary.

B. AGENDA OF THE GENERAL MEETING

Proposal for agenda

1. Opening of the annual general meeting.
2. Election of Chairman of the general meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of two persons to check the minutes of the general meeting together with the Chairman.
6. Determination of whether the general meeting has been duly convened.
7. 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 2019. In connection herewith, a report by the Chairman of the Board of Directors Magnus Lindquist of the work of the Board of Directors during 2019 and a presentation by President and CEO Klas Forsström.
8. Resolution to adopt the income statement, the balance sheet, the consolidated income statement and the consolidated balance sheet for 2019.
9. Resolution on appropriation of the company's profit as shown on the adopted balance sheet.
10. Resolution on discharge of the Board members and the CEO from personal liability towards the company for the administration of the company in 2019.
11. Resolution on number of Board members and alternate Board members to be elected at the general meeting.
12. Resolution on remuneration payable to the Board members.

13. Election of Board members
 - a. Magnus Lindquist
 - b. Helen Fasth Gillstedt
 - c. Per Hallius
 - d. Lena Olving
 - e. Kristian Sildeby
 - f. Juan Vargues
 - g. Håkan Buskhe
 - h. Anna Westerberg
14. Election of Chairman of the Board of Directors.
15. Resolution on number of auditors and alternate auditors.
16. Resolution on remuneration payable to the auditor.
17. Election of auditor.
18. Resolution on guidelines for the remuneration of senior executives.
19. 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).
20. Resolution on authorisation for the Board of Directors to issue new shares and/or convertible bonds and/or warrants.
21. Closing of the annual general meeting.

Proposals

Resolutions proposed by the Nomination Committee

The Nomination Committee appointed ahead of the 2020 annual general meeting, which consists of Lars Wedenborn, Chairman of the Nomination Committee (FAM AB), Robert Furuhjelm (Nordic Capital), Johan Grip (Första AP-fonden), Jan Dworsky (Swedbank Robur Fonder) and Magnus Lindquist (Chairman of the Board of Directors), has proposed the following.

Proposal regarding election of Chairman of the general meeting (Item 2)

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 2020 annual general meeting.

Proposals regarding number of Board members, alternate Board members, auditors and alternate auditors, proposals regarding remuneration payable to the Board members and the auditor, and election of Board members, Chairman of the Board of Directors and auditor (Items 11-17)

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 Board members elected by the 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 Board members, 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 ordinary Board members Magnus Lindquist, Helen Fasth Gillstedt, Per Hallius, Lena Olving, Kristian Sildeby and Juan Vargues should be re-elected

as Board members, and new election of Håkan Buskhe and Anna Westerberg. Johan Ek and Andreas Näsvik have declined re-election. The Nomination Committee also proposes re-election of Magnus Lindquist as Chairman of the Board of Directors,

- that one auditor without any alternate auditor shall be appointed,
- that the fees to the auditor should be paid in accordance with normal standards and approved invoice, and
- that the registered audit firm Ernst & Young AB should be re-elected as the company's auditor for a period of one year until the end of the 2021 annual general meeting, in accordance with the recommendation by the Audit Committee.

Håkan Buskhe

Born: 1963

Education and professional experience: Master of Science, Licentiate of Engineering, Chalmers University of Technology, Gothenburg. More than 30 years of experience in programme and operations management and business development from national and international commercial industrial companies, including Saab AB, E.ON Nordic AB och E.ON Sverige AB.

Other current assignments/positions: CEO of FAM AB. Chairman of the Board of IPCO AB, Board member of AB SKF and proposed Board member of Stora Enso.

Selected previous assignments: Board member of Nefab AB, Vattenfall AB and of the Association of Swedish Engineering Industries (Teknikföretagen); Vice Chairman of AeroSpace and Defence Industries Association of Europe (ASD); Chairman of Green Cargo AB; President and CEO of Saab AB; President and CEO of E.ON Nordic AB and E.ON Sverige AB; Executive Vice President of E.ON Sverige AB; CEO of Land Operations for Schenker AG, Schenker North and Schenker-BTL AB; CEO of Storel AB, Carlsberg and Coca-Cola Distribution AB; Production Director of Carlsberg Sverige.

Anna Westerberg

Born: 1975

Education and professional experience: Master of Science, Industrial Engineering and Management, Chalmers University of Technology, Göteborg. Eleven years of experience in leading positions in the global industrial company Volvo. Solid knowledge of digitalization and innovation as well as sales and development of services and products in a global environment.

Other current assignments/positions: Senior Vice President for Volvo Group Connected Solutions. Directorships in Volvo Group Connected Solutions, Volvo Group Venture Capital, Vinn Group and Arrow Truck GmbH.

Selected previous assignments: President for Volvo Group Venture Capital; Vice President Product Management Industrial for Volvo Penta; Managing Director for Infocandy Group Ltd; Management Consultant at Applied Value LLC and Applied Value AB.

Resolutions proposed by the Board of Directors

Proposal regarding appropriation of the company's profit as shown on the adopted balance sheet (Item 9)

The Board of Directors proposes that no dividend is to be distributed for the financial year 2019 and that the company's profit of in total SEK 4,133,272,124, including this year's result of SEK -806,719, should be carried forward.

Proposal regarding guidelines for the remuneration of senior executives (Item 18)

The Board of Directors proposes that the 2020 annual general meeting resolve on guidelines for the remuneration of senior executives to be in force until further notice, pursuant to the following.

The group of executives encompassed by the guidelines comprises the CEO and other members of the group management. The guidelines also encompass any remuneration to Board members, other than Board fees. The guidelines shall apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2020 annual general meeting. The guidelines do not apply to any remuneration resolved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Munters business strategy is to be a global leader in energy-efficient and sustainable climate solutions. Our solutions enable energy efficient production processes with reduced carbon dioxide emissions for our customers. Through innovative technologies, the Group creates the perfect climate for demanding industrial applications, the largest segments of which are manufacturing, defense, data centers, food, pharmaceutical and agriculture.

Munters conducts operations in two business areas:

- AirTech is a global leader in energy-efficient air treatment for industrial and commercial fields of application.
- FoodTech is one of the world's leading suppliers of innovative and energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimizing the entire food production value chain.

For further information regarding Munters business strategy, see Munters website (<https://www.munters.com/en/about-us/munters-in-short/>).

A prerequisite for the successful implementation of Munters business strategy and safeguarding of the company's long-term interests, including its sustainability, as well as delivery on the ambitions the company has, is that the company is able to recruit and retain qualified personnel. In order to do so, Munters must be able to offer a competitive total remuneration based on market terms, which these guidelines enable.

Munters has implemented long-term share-related incentive programs in 2017, 2018 and 2019, in which some senior executives have had the opportunity to participate. These programs have been resolved by each general meeting and are therefore excluded from these guidelines. The long-term share-related incentive program proposed by the Board of Directors to the 2020 annual general meeting to resolve on,

or any other future share-related incentive program resolved by the general meeting, are excluded for the same reason. For information regarding performance criteria, terms and conditions, and costs for these programs, see the Board of Directors' complete proposal for each general meeting on Munters website and in Munters annual report.

Variable cash remuneration covered by these guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed annual cash salary, variable annual cash salary, pension and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, for example, share and share price-related remuneration.

Fixed cash salary

The fixed cash salary shall reflect the demands and responsibility that the position entails as well as individual performance. The fixed cash salary shall be revised annually.

Variable cash salary

Variable cash salary shall be maximized to 140 per cent of the fixed annual cash salary for the CEO and 70 per cent of the fixed annual cash salary for other members of the group management. The satisfaction of criteria for awarding variable cash salary shall be measured over a period of one year.

The variable cash salary shall be linked to predetermined and measurable financial criteria, such as operating result and working capital. By linking the remuneration of the senior executives to the company's earnings and financing of its operating activities, the criteria promote the implementation of the company's business strategy and long-term interests, including its sustainability. Furthermore, the criteria for variable cash salary shall be designed so that they do not encourage excessive risk taking.

To which extent the criteria for awarding variable cash salary has been satisfied shall be evaluated when the measurement period has ended. The Board of Directors is responsible for the evaluation so far as it concerns variable cash salary to the CEO. For variable cash salary to other members of the group management, the Compensation Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Terms and conditions for variable cash salary shall 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.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 per cent of the fixed annual cash salary and shall not be paid more than once per year and per

individual. Resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Compensation Committee.

Pension

For the CEO, pension benefits, including health insurance, shall be defined contribution. Variable cash salary shall not qualify for pension benefits. Pension contributions for defined contribution pension shall amount to not more than 35 per cent of the fixed annual cash salary.

For other members of the group management, pension benefits, including health insurance, shall be defined contribution unless the executive concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash salary shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive. Pension contributions for defined contribution pension shall amount to not more than 35 per cent of the fixed annual cash salary.

Other benefits and compensation

Other compensation may consist of other benefits that are customary and in line with market terms, such as medical insurance, life insurance and company cars, which shall not constitute a significant part of the total remuneration. Such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Consultancy fee to Board members

In specific cases, and for a limited time, Munters Board members elected by the general meeting may be able to be remunerated for services within their respective areas of expertise, which does not constitute board work. For these services (including services performed by a Board member wholly-owned company), a fee on market terms can be paid, provided that such services contribute to the implementation of Munters business strategy and safeguarding of Munters long-term interests, including its sustainability. Such consultancy fee may, for each Board member, in no case exceed one year's Board fee.

Termination of employment

Fixed cash salary during the notice period and severance pay, as well as remuneration for any non-compete restrictions, shall in total not exceed an amount corresponding to the fixed cash salary for two years for the CEO and 18 months for other members of the group management. Severance pay shall not be paid if notice of termination of employment is made by the CEO and other members of the group management. The notice period between the company and the CEO, and other members of the group management, shall not exceed 6 months.

Remuneration for any non-compete restrictions shall compensate for any loss of income and shall only be paid for such period as the former executive does not have the right to severance pay. The remuneration shall amount to not more than 60 per cent of the fixed annual cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and shall be

payable during the period subject to the non-compete restriction, which shall not exceed 12 months after termination of employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company and the group's Swedish operation have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. In the company, i.e. in Munters Group AB, there are only four employees (all are senior executives).

Preparation and decision-making process

The Board of Directors has established a Compensation Committee. The committee's tasks include, among other things, preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit the proposal to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Compensation Committee shall also monitor and evaluate programs for variable remuneration for the group management, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the group management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. Remuneration to the CEO is prepared by the Compensation Committee and decided by the Board of Directors. Remuneration to other members of the group management is prepared by the CEO and decided by the Compensation Committee.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines resolved by the general meeting, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Compensation Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes preparing any resolutions to derogate from the guidelines.

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 19)

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 2020" 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 programmes that were approved by the annual general meetings 2018 and 2019. These programmes are described in the annual report for the financial year 2019 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 1,699,000 employee stock options divided in three series, of which no more than 849,500 employee stock options of Series A, no more than 339,800 employee stock options of Series B, and no more than 509,700 employee stock options of Series C. No more than 80,000 of these employee stock options may be cash-settled and the 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 74 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 7 employees in the group management, in total no more than 364,000 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 employee stock options of all series is dependent on the extent to which certain performance targets are satisfied during the financial years 2020-2022 (the “**Performance Period**”) as further set out below. 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**”).

4. 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.

5. 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.

6. The eligibility to exercise the employee stock options of Series C is subject to satisfaction of a compounded sustainability goal consisting of three sub-components; (i) the portion of green electricity (from sun, water and wind energy) that is consumed by the group’s production units compared with the total electricity consumption of these units during the financial year 2022, (ii) the portion of female leaders (salary setting managers) within the group at the expiry of the Performance Period and (iii) the portion of the group’s suppliers that comply with the Munters supplier code of conduct at the expiry of the Performance Period. For each sub-component, a fulfilment rate of 0-100% is determined according to the minimum and maximum levels stated in the table below. To the extent the fulfilment rate of the sub-components portion of green electricity or portion of female leaders exceeds the maximum level, it will compensate (however up to not more than 120% of the maximum level) for any fulfilment rate which is less than the maximum level for another sub-component. A compound fulfilment rate of 0-100% is calculated based on above principles, where each sub-component is weighted by one third.

The minimum and maximum levels of each sub-component of Series C are set out in the table below.

Components	Minimum level (0% fulfilment rate)	Maximum level (100% fulfilment rate)
The portion of green electricity of the group’s total electricity consumption	40%	60%
The portion of female leaders within the group	25%	27%
The portion of the group’s suppliers that comply with Munters supplier code of conduct	92%	100%

7. If the outcome of a performance condition linked to Series A, B or C, respectively, 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 performance conditions linked to Series A, B and C, respectively, 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%
Series C – compound satisfaction of sustainability goal	0%	100%

8. 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.

9. The employee stock options shall be allotted as soon as possible after the 2020 annual general meeting. For new employees allotment may take place at a later point in time but prior to the 2021 annual general meeting.

10. 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.

11. 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 2020 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.

12. 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 11 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.

13. 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.

14. 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.

15. 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 and LTIP 2019, shares which in whole or in part may become available for delivery under the Programme depending on the outcome of the LTIP 2018 and LTIP 2019, 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 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 2023 annual general meeting 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 8 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 26 per share at the time of the allotment and to SEK 32.90 per share at the third anniversary of the allotment, (ii) the exercise price determined in accordance with paragraph 11 above amounting to SEK 28.60, (iii) 93% of employee stock options allotted in the Programme are exercised, (iv) the risk-free interest rate is 0.3% and volatility amounts to 27% 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 100%.

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 32.90, the dilutive effect on earnings per share would amount to 0.04% 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 2020 according to the following:

- Acquisitions may be made of no more than 685,000 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 2021 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 2020 according to the following:

- No more than 1,619,000 shares may be transferred. Right to acquire shares shall, with deviation from the shareholders' preferential rights, be granted the persons participating in LTIP 2020, 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 2020, immediately transfer the shares to the participants in the Programme.

- Transfer to the participants of LTIP 2020 shall be made at the time, at the price and on the other terms and conditions of LTIP 2020 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 2020 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 2020.

(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 general meeting's resolution according to item (a) above is conditional upon the general 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 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 general 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 20)

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 preferential or non-preferential 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' preferential 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 proposal requires that shareholders representing not less than two-thirds of the votes cast as well as of the shares represented at the general meeting approve 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 16 April 2020. 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 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 Group AB, "Årsstämma 2020", 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, March 2020

Munters Group AB

The Board of Directors