

Report by the Board of Directors on the Compensation Committee's evaluation of remuneration to senior executives

The Board of Munters Group AB has established a Compensation Committee, which is composed of Joachim Zetterlund (chairman), Christopher Curtis and Andreas Näsvik. The Board of Directors hereby renders the following report on the Compensation Committee's evaluation of remuneration to senior executives, pursuant to 10.3 of the Swedish Corporate Governance Code.

The main tasks of the Compensation Committee include to prepare issues relating to compensation and other employment terms for the senior executives. The Compensation Committee proposes guidelines for, among other things, the relationship between fixed and variable compensation and the relationship between performance and compensation, the principal conditions for bonuses and incentive schemes, conditions for non-monetary benefits, pensions, termination and severance pay. The Committee also makes proposals on individual compensation packages for the senior executives of the company. Furthermore, the Compensation Committee shall monitor and evaluate the outcome of variable compensation schemes and the company's compliance with remuneration guidelines adopted by the Annual General Meeting.

The Compensation Committee has, in accordance with its assignment, continuously monitored and evaluated the company's programs for variable remuneration to the senior executives, as well as applicable guidelines for remuneration to the senior executives. The Compensation Committee has found that applicable guidelines for remuneration to the senior executives have been applied in a correct manner, and that the company's programs for variable remuneration have been appropriate, functioned well and broadly satisfied their objectives. However, the Compensation Committee believes that there is a need to create further incentives for certain members of senior management and has therefore prepared a proposal on revised guidelines entailing that variable cash compensation for the President AgHort, the President Data Centers and the President Global Services shall be maximised to 210 per cent of the annual fixed salary, instead of 70 per cent as provided for in the now applicable guidelines. The Board of Directors has resolved to propose the Annual General Meeting to approve the proposal for revised guidelines.

The Compensation Committee has also monitored and evaluated the remuneration structures and remuneration levels in the company and the Compensation Committee finds these to be in accordance with market conditions and well-balanced. The Compensation Committee believes, however, that the existing programs for variable remuneration should be supplemented with an employee stock option program for members of the group management and certain other key employees.

The Compensation Committee has, ahead of the Board's resolution to propose the Annual General Meeting to approve an employee stock option programme, prepared the proposal on an employee stock option program.

Stockholm, April 2018

Munters Group AB

The Board of Directors