

N.B. The English text is an in-house translation of the original Swedish text. Should there be any disparities between the Swedish and the English text, the Swedish text shall prevail.

The Board of Directors' report on the Remuneration Committee's evaluation of the remuneration to the senior executives of Balco Group AB in accordance with the Swedish Corporate Governance Code

The Board of Directors of Balco Group AB (the “**Company**”) has, in accordance with section 9.1 of the Swedish Corporate Governance Code (the “**Code**”), established a Remuneration Committee. The following persons serve on the committee: Lennart Kalén, Tomas Johansson and Carl-Mikael Lindblom. The chairperson is Lennart Kalén. The remuneration committee plays an advisory role and also a preparatory one. The remuneration committee works according to work procedures adopted by the Board of Directors. The primary duties of the remuneration committee are to prepare decisions by the Board of Directors on questions regarding remuneration principles, remuneration, and other employment terms and conditions for senior executives. The committee shall also monitor and evaluate current programs and programs completed during the year for variable remuneration and ensuring that the guidelines for compensation paid to senior executives adopted by the annual general meeting are applied.

General description of the remuneration to the Company's senior executives

Remuneration paid to senior executives shall consist of fixed and variable salary, the possibility to participate in a long-term incentive program, and pension compensation. These components will, together, create a well-balanced remuneration which reflects individual expertise, responsibility and performance, both over the short term and long term, as well as the Company's total performance. Further information on remuneration paid to the Company's senior executives is found in the Annual Report 2018.

The Board of Directors report on the Remuneration Committee's evaluation

In accordance with Section 10.3 of the Code, the Board of Directors hereby gives the following report on the results of the Remuneration Committee's evaluation of the remuneration to the Company's senior executives.

Overall, the Remuneration Committee's evaluation, as well as the auditor's review, has resulted in the conclusion that the programs for variable compensation have been appropriate and in accordance with the principles adopted by the Annual General Meeting. Further, the principles for compensation of the senior executives are deemed to have served their purposes. The view of the Board of Directors is also that the remuneration to the senior executives is competitive while at the same time being in line with the interests of the shareholders.

Växjö in April 2019
BALCO GROUP AB (PUBL)
The Board of Directors