

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

The Chief Executive Officer, Johan Sjö, heads the operations in accordance with requirements of the Swedish Companies Act and the frameworks set by the Board. In consultation with the Board Chairman, the CEO prepares requisite documentation for information and decisions prior to Board meetings, gives presentations and motivates proposals for decisions. The Chief Executive Officer leads the work of the Group Executive Board and makes decisions in consultation with other members of Group Management. At the end of 2017/2018, in addition to Johan Sjö (CEO), Group Management included Christina Kassberg (Chief Financial Officer), Patrik Klerck (Business Area Manager of Components), Anders Claeson (Executive Vice President and Acting Business Area Manager of Industrial Process), Hans Andersén (Business Area Manager of Energy), and Niklas Stenberg (Business Area Manager of Power Solutions). Group management regularly reviews operations in meetings chaired by the CEO. The Chief Executive Officer is presented in more detail in the Board and Management section of the annual report and on the Company's website.

REMUNERATION TO SENIOR MANAGEMENT

Principles for remuneration to senior management at Addtech are adopted by the Annual General Meeting. Senior management consists of the CEO and other people in Group Management. The 2017 AGM adopted the recommendations of the Nomination Committee regarding remuneration guidelines for senior executives. These guidelines are essentially consistent with the principles previously applied.

Addtech aims to offer a reasonable as well as competitive total remuneration package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below. A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable compensation is primarily based on the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Each year the Board of Directors evaluates whether or not to propose a long-term incentive scheme to the Annual General Meeting and, if such is the case, whether or not the proposed long-term incentive scheme should include a transfer of shares in the Company. Retirement pension and sickness and other benefits should be structured in accordance with applicable rules and market norms. Pensions should be based on defined-contribution plans where possible.

For more details regarding remuneration to senior management, please see note 6 of the Annual Report. In 2017 the Company complied with the principles for remuneration to senior management as approved by the AGM and the principles proposed to the 2018 AGM are unchanged. Please see page 105, for the Board's complete proposals to the 2018 Annual General Meeting.

LONG-TERM INCENTIVE SCHEMES

Addtech has four outstanding call option programmes totalling 1,250,178 B shares. The purpose of long-term incentive schemes is to give management personnel within the Addtech Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment. The schemes are also expected to create improved conditions for retaining and recruiting skilled personnel for the Addtech Group, to provide competitive remuneration and to unite the interests of the shareholders and the management personnel. The intention of the schemes is to contribute towards senior executives increasing their shareholdings in Addtech in the long term. Those members of management personnel included in the schemes are the group who, in an otherwise heavily decentralised organisation, are able to have a positive impact on profits through cooperation between the Group's subsidiaries. The share-related incentive schemes approved by the AGM do not involve any net charge to the Company's equity.

REMUNERATION TO THE BOARD OF DIRECTORS AND AUDITOR

The AGM of Addtech AB resolves each year regarding guidelines for remuneration to the Board of Directors and the auditor. According to the resolution of the 2017 Annual General Meeting, Board fees for each director will remain unchanged from the previous year.

Fees shall be paid as follows: SEK 550,000 to the Chairman of the Board, SEK 275,000 to each other director appointed by the AGM who is not employed by the Company and SEK 50,000 to each member of the Remuneration Committee. Total Board fees amount to SEK 2,025,000. For further details of Board fees, see Note 6 to the Financial Statements.

Auditor's fees will be paid according to approved invoice, as directed by the AGM. For further details of Auditor's fees and of fees for non-auditing services, see Note 7 to the Financial Statement.

OPERATING ORGANISATION AND MANAGEMENT

Addtech's operating companies have been organised in the four business areas Components, Energy, Industrial Process and Power Solutions. The division into business areas reflects Addtech's internal organisation and reporting system.

Taken together the Addtech Group consists of approximately 120 independent companies in about 20 countries. Decisions about the companies' operations are taken close to the market, but from a governance perspective it is important to integrate the acquired company in certain issues of significance

to the Group, such as financial reporting, administrative procedures and common core values.

Each operating company has a board of directors, on which the company's managing director and management employees from business areas or business units are represented. Within each business area, the companies are organised in business units linked to product or market concepts. Each company's managing director reports to a business unit manager, who in turn reports to the head of business area. Each head of business area reports to Addtech AB's CEO. The business areas and business units hold internal board meetings chaired by the CEO and attended by the CFO of Addtech AB, along with the respective head of business area and controller. Other salaried employees take part in the business area's Board meetings to present certain issues or when otherwise judged suitable.