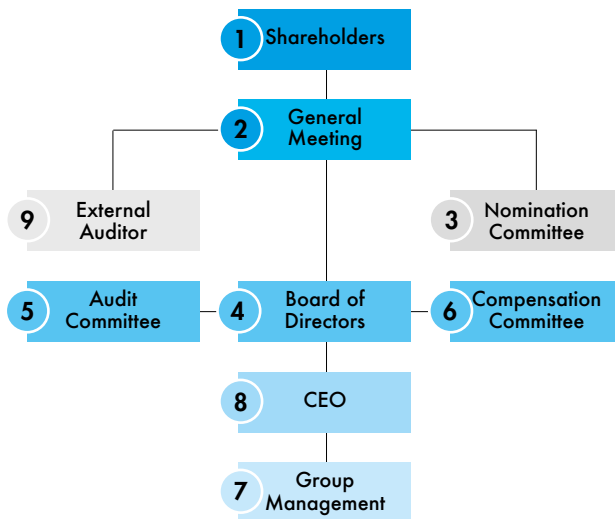


Corporate Governance Report

Munters Group AB (Munters, or "the Company") is a Swedish public company listed on Nasdaq Stockholm. Corporate governance is primarily regulated by the Swedish Companies Act and other Swedish legislation, by Nasdaq Stockholm's rulebook for issuers, and by the Swedish Corporate Governance Code ("the Code"). Munters has applied the Code starting from May 19, 2017, when the company's shares were admitted for trade on Nasdaq Stockholm.

THE MUNTERS CORPORATE GOVERNANCE STRUCTURE



Observance of rules

External governance systems

The external governance systems that constitute the framework for corporate governance at Munters consist primarily of the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm regulations, and the Code, as well as, other applicable regulations and relevant legislation.

Internal governance systems

The Articles of Association adopted by the Annual General Meeting (AGM), the Munters Board Rules of Procedure adopted by the Board, the instructions for the CEO and the instructions for the Compensation and Audit Committees constitute the key internal governance systems.

In addition to this, the Group has a number of policies and instructions with rules and principles for the Group's operations and employees, for example, the Code of Conduct, the Policy against Bribes and Corruption, and the Insider Policy.

Deviations from the Code

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden, and shall apply from the first day of trade. The Code indicates a norm for good corporate governance at a higher level of ambition than the minimum requirements of the Swedish Companies Act and other rules.

The Code is built on the "comply or explain" principle. This means that the company does not have to observe

every rule in the Code at all times, but can choose other solutions deemed to better respond to the circumstances in the individual case provided that the Company openly reports every such deviation, describes the solution chosen instead and indicates the reasons for this in the corporate governance report.

Munters deviates from Rules 9.7 and 9.8 in the Code

Munters deviates from Rule 9.7 in the Code with respect to the warrant program introduced in connection with listing the Company's shares on Nasdaq Stockholm. Pursuant to the terms of one of the two warrant series, participants may exercise such warrants to subscribe for shares after a two-year period, a shorter period than the minimum three years prescribed by the Code. The other warrant series entitles participants to exercise the warrants to subscribe for shares after a three-year period. The offering of warrants with terms of exercise after two and three years, respectively, is considered to be in line with Munters long-term business plan, strategy, and financial targets. In future, Munters intends to implement only three-year programs.

Munters deviates from Rule 9.8 of the Code in that the CEO's total entitlement of fixed salary during notice period and severance pay upon the Company's termination of his employment will amount to three years' fixed salary, which exceeds the two years' fixed salary prescribed by the Code. During the notice period (12 months) and the period when severance pay is paid (24 months), the CEO will be subject to a non-competition undertaking,

which the Company considers to be in the interest of the Company and its shareholders, and thus motivates the deviation from Rule 9.8 of the Code.

Munters Articles of Association

Munters Articles of Association were adopted at an Extraordinary General Meeting on May 7, 2017, and were registered at the Swedish Companies Registration Office on May 19, 2017. The complete Articles of Association can be found at the Munters website.

1 Shareholders

Shares in Munters have been listed on Nasdaq Stockholm since May 19, 2017. The number of shares in Munters Group AB totaled 183,597,802 at year-end. All shares are of the same type, and have equal rights in every respect.

On December 31, 2017, Munters had 6,514 shareholders. The largest shareholders were Nordic Capital (50.1 percent of votes) and FAM (11.4 percent of votes).

Additional information on the share and shareholders can be found on Munters website.

2 Annual General Meeting

Pursuant to the Swedish Companies Act (SFS 2005:551), the Annual General Meeting (AGM) is the Company's supreme decision-making body, where the shareholders exercise their voting rights.

Shareholders who are recorded in the share register on the record date who have registered for the AGM within the time period indicated in the notice to attend have the right to participate in the AGM, either in person or by proxy.

At the Annual General Meeting, each share carries one vote, and shareholders are entitled to vote for the total number of shares held or represented, without limitation of the voting powers.

Decisions at the AGM are normally decided by simple majority. On certain issues, however, the Swedish Companies Act prescribes a qualified majority of votes, and in certain individual cases a certain portion of shareholders present, as well, in order to achieve a quorum.

The AGM is charged with appointing Board members and the Chairman of the Board, selecting auditors, deciding on the adoption of income statements and balance sheets, and appropriation of the Company's earnings, as well as, discharge from liability for the Board and the CEO. The AGM also decides, where appropriate, on issues such as changes to the Articles of Association, the adoption of principles for the composition and work of the Nomination Committee and guidelines for terms of compensation and employment for the CEO and other senior executives.

The AGM must be held within six months from the end of the financial year. Munters AGMs are held in Stockholm, Sweden, every calendar year before the end of June.

Pursuant to the Articles of Association, notices convening Annual General Meetings are issued through announcement in Post- och Inrikes Tidningar (the Swedish Official Gazette), as well as, on Munters website. Announcement to the effect that a notice convening a AGM has been issued shall be made in Svenska Dagbladet.

Apart from the AGM, Extraordinary General Meetings may be held if the Board considers it to be necessary, or if Munters auditor or owners of at least ten percent of total shares in the Company requests one.

All shareholders who are directly recorded in the share register maintained by Euroclear Sweden five weekdays (Saturdays included) prior to the Annual General Meeting and who have notified the Company of their intention to participate in the AGM not later than the date indicated in the notice of the AGM are entitled to attend the AGM and vote for the number of shares

they hold. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares be temporarily registered in their own names in the register maintained by Euroclear Sweden, in order to be entitled to participate in the AGM. Shareholders should inform their nominees well in advance of the record date.

Shareholders may attend AGMs in person or by proxy and may also be accompanied by a maximum of two people. It will normally be possible for shareholders to register for the AGM in several different ways, as indicated in the notice of the meeting.

Shareholders who wish to have an issue brought before the AGM must submit a request in writing to the Board of Directors. The request must normally be received by the Board of Directors not later than seven weeks prior to the AGM.

Annual General Meeting and extraordinary meetings during the Spring of 2017

At an Extraordinary General Meeting on February 3, 2017, Helen Fasth Gillstedt was appointed new Board member.

Prior to the listing of the Company's shares on Nasdaq Stockholm in May 2017, decisions were taken at the AGM on March 28, 2017, and at the extraordinary General Meeting on May 7, 2017, on issues including the adoption of guidelines on compensation for senior executives, instructions for the Nomination Committee, the election of Board members, and the introduction of incentive programs for certain individuals in Group Management.

2018 Annual General Meeting (AGM)

The 2018 Annual General Meeting will be held on May 17, 2018, in Stockholm. For further information, see Munters website.

3 Nomination Committee

Pursuant to the Code and the criteria adopted by the 2017 AGM, the Nomination Committee in respect of the AGM shall be composed of representatives of the four largest shareholders in terms of voting rights listed in the share register maintained by Euroclear Sweden AB as of the last banking day of August each year. The Nomination Committee also includes the Chairman of the Board, who convenes the first meeting.

Prior to the AGM, the Nomination Committee shall present proposals concerning the Chair of the meeting, Board members including who shall be the Chairman of the Board, remuneration for the Chairman and other board members, as well as remuneration for committee work,

election of and remuneration to the auditor and proposals for changes to the Nomination Committee instructions for the AGM, which shall be valid until further notice.

The composition of the Nomination Committee for the AGM shall normally be announced no later than six months before that meeting. Remuneration shall not be paid to the members of the Nomination Committee. Changes in the composition of the Nomination Committee shall be made public immediately.

Shareholders who wish to submit proposals to the Nomination Committee may do so via the Committee's e-mail: valberedningen@munters.se or via mail. Munters Group AB, Nomination Committee, Box 1188, SE-164 26 Kista, Sweden.

NOMINATION COMMITTEE PRIOR TO THE 2018 AGM

Name	Appointed by	Share of votes, 2017
Robert Furuhjelm, Chairman, Nomination Committee	Nordic Capital	50.1%
Lars Wedenborn	FAM AB	11.4%
Tomas Risbecker	AMF Försäkringar och Fonder	6.9%
Magnus Billing	Alecta	5.0%
Chris Curtis	Chairman of the Board, Munters	0.3%

2017 BOARD MEETINGS

During 2017, the Board of Directors held 20 meetings.

Below is an overview of the most important issues addressed at these meetings.

December

Two meetings. Decision on press release concerning developments in the Data Centers business area. Compensation to CEO and CFO for 2018.

November

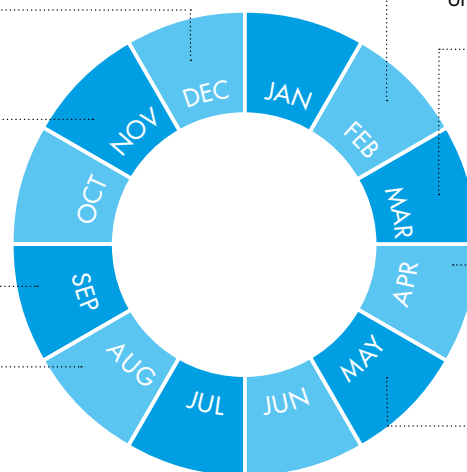
Three meetings. Decision on approval and release of Q3 report. 2018 financial plan. Discussion of long-term strategy.

September

One meeting. Strategy 2018–2020.

August

One meeting. Decision on approval and release of Q2 report.



February

Four meetings. Helen Fasth Gillstedt new chair of Audit Committee. Approval of 2016 year-end accounts. Approval of new leasing agreement in China.

March

Four meetings. EY presented its audit work for 2016. Approval of 2016 Annual Report and 2017–2019 business plan. Approval of acquisition of Edata. Adoption of financial targets and dividend policy. Appointment of members of the Audit and Compensation Committees. Application to Nasdaq Stockholm on admission for trading. Adoption of policies. Decision on concluding new financing.

April

Two meetings. Approval of Q1 report. Establishment of new subsidiary in Thailand and capital contribution to said company. Approval of press release confirming Munters intention to be listed on the stock exchange.

May

Three meetings. Approval of prospectus ahead of listing. Decision on allocation of shares in set-off issue, warrants in the incentive programs and shares in new share issue prior to listing.

Nomination Committee prior to the 2018 AGM

The composition of the Nomination Committee prior to the 2018 AGM was announced through a press release and published on Munters website on September 27, 2017. Up until the statement of the Annual Report, the Nomination Committee had four minuted meetings. The Nomination Committee has announced that it has applied Rule 4.1 of the Code as diversity policy in producing the proposal for the Board prior to the 2018 AGM.

4 Board of Directors

The duties of the Board of Directors are primarily set forth in the Swedish Companies Act and the Code. In addition to this, the work of the Board is guided by formal rules of procedure that the Board adopts every year. The rules of procedure govern the division of work and of responsibility among the members of the Board, its committees, its Chairman and the CEO. The instructions for the CEO also contain instructions for financial reporting.

The tasks of the Board of Directors include adopting strategies, business plans and targets, and issuing interim reports and year-end financial statements, as well as, setting policies and guidelines. The Board is also required to follow economic developments and ensure the quality of financial reporting and the internal controls, and evaluate the Group's operations based on the objectives and guidelines set by the Board of Directors. The Board is also responsible for appointing the CEO. Finally, the Board of Directors decides on major investments and changes in organization and activities.

Composition of the Board of Directors

According to the Company's Articles of Association, Munters Board of Directors shall consist of at least three and no more than ten members elected by the AGM for a term of office until the end of the next AGM. The Board

COMPOSITION OF THE BOARD OF DIRECTORS

Name	Elected in	Fee, SEK ⁵	Independent	Present		
				Board Meeting	Audit Committee	Compensation Committee
Chris Curtis, Chairman	2015	1,050,000	Yes	20/20		5/5
Helen Fasth Gillstedt	2017	500,000	Yes	19/19 ⁶	5/5	
Per Hallius	2013	400,000	Yes ⁷	19/20		
Joakim Karlsson	2010	400,000	No ¹	13/20		
John Peter Leesi, President and CEO	2011	–	No ²	19/20		
Andreas Näsvik	2011	400,000	No ¹	19/20	3/5	5/5
Lena Olving	2017	400,000	Yes	10/12 ⁶	4/5	
Kristian Sildeby	2017	366,667	No ¹	8/8 ⁶		
Joachim Zetterlund	2012	450,000	Yes	19/20		5/5
Pia Nordqvist ³	2010	–	–	19/20		
Robin Hedén ³	2017	–	–	17/20		
Simon Henriksson ⁴	2017	–	–	17/20		
Robert Wahlgren ⁴	2010	–	–	20/20		

1) Independent in relation to the Company and Group Management, but not to the Company's major shareholders.

2) Independent in relation to the Company's major shareholders, but not to the Company and Group Management.

3) Employee representative.

4) Employee representative, deputy.

5) Remuneration determined regarding work from the 2017 AGM to the 2018 AGM.

6) Participation in the meetings held from the date when the respective individual was elected to the Board of Directors.

7) Per Hallius has a consulting agreement with Nordic Capital Limited and Nordic Capitals Fonder.

currently consists of nine members elected at the meeting. The trade unions have the right under Swedish law to representation on the Board, and they have appointed two members and two deputies.

At the AGM on March 28, 2017, Lena Olving was

elected to the Board, and at the Extraordinary General Meeting on May 7, 2017, Kristian Sildeby was elected to the Board. The CEO of Munters is part of the Board of Directors, and the CFO participates as a presenter at Board meetings. Lawyer Johan Lekholm serves as the

Board's secretary. Other Company officers participate in Board meetings to provide presentations on specific issues.

Independence of the Board of Directors

In accordance with the Code, a majority of the Board members elected by the General Meeting are to be independent in relation to the Company and its management, and two of these must be independent in relation to the Company's major shareholders. The Board members' position of dependence is indicated by the table "Composition of the Board of Directors."

Responsibilities of the Chairman of the Board

The Chairman of the Board of Directors leads and governs the work on the Board, ensuring that its activities are conducted efficiently. The Chairman also ensures that the Swedish Companies Act and other applicable laws and regulations are observed, and that the Board is given the training required and that it improves its knowledge of Munters. The Chairman follows operations in close dialogue with the CEO, conveys opinions from shareholders to the other Board members, and serves as a spokesperson for the Board. The Chairman of the Board is responsible for other Board members receiving sufficient information to perform their work effectively, and for ensuring that the decisions of the Board are implemented. The Chairman of the Board is also responsible for the Board evaluating its work on a yearly basis.

Remuneration for the Board of Directors

At the 2017 AGM, it was decided that fees of SEK 1,050,000 would be paid to the Chairman and of SEK 400,000 each to the other members elected at the meeting. It was further decided that fees of SEK 100,000 would be paid to the Chairman of the Audit Committee and of SEK 50,000 to the Chairman of the Compensation Committee.

Evaluation of the work of the Board

Every year, an evaluation must be conducted to ensure the quality of the work of the Board and to survey the need, if any, for additional competence or experience. The Chairman of the Board is responsible for conducting this evaluation and for providing it to the Nomination Committee. Upon request of the Nomination Committee, the Board members must participate in interviews with the Nomination Committee so as to facilitate the evaluation.

Under 2017, the Board conducted a Board evaluation in which the members of the Board had to respond to a comprehensive questionnaire concerning issues such as strategies and objectives, investments, reporting and control, organization and directors, the forms of the Board's work, the composition and overall function of the Board of Directors, and their competence and their own work on the Board. The Nomination Committee was notified of the outcome of the Board evaluation in January 2018.

Board Committees

The Board of Directors has two committees: the Audit Committee and the Compensation Committee. Reports to the Board on issues addressed during the meetings of the Committees are either in writing or given orally. The work of each committee is performed in accordance with written policies and the rules of procedure stipulated by the Board of Directors. Minutes of committee meetings are provided to all Board members.

5 *The Audit Committee*

The overall task of the Audit Committee is to ensure fulfillment of the Board of Directors' supervisory duty in relation to internal control, audit, risk management, accounting and financial reporting; to prepare matters regarding the procurement of audit and other services provided by the auditor; and to prepare certain accounting and auditing matters to be resolved by the Board.

The Audit Committee must review procedures and routines for the aforementioned areas. The Audit Committee shall submit recommendations and proposals to ensure the integrity of the financial reporting and its compliance with generally accepted accounting principles, and continually discuss the efficiency of the Company's accounting principles and financial control with the auditors and Group Management, and consider any recommendations regarding improvements to internal control. In addition, the Audit Committee shall monitor the impartiality and independence of the auditor, evaluate the audit work and discuss collaboration between the auditor and the Company's internal control function. The Audit Committee shall also assist the Nomination Committee in preparing nominations for auditor and proposals in respect of audit fees by submitting recommendations to the Nomination Committee.

The Audit Committee shall, during the period between two consecutive AGMs hold at least five meetings, normally in conjunction with ordinary meetings of the Board of Directors.

The Audit Committee has three members: Helen Fasth Gillstedt (chair), Andreas Näsvisk and Lena Olving. The Audit Committee fulfills the requirement in respect of accounting and auditing competence as set forth in the Swedish Companies Act.

The Audit Committee had five meetings during 2017. Members' attendance is shown in the table on page 70.

6 *Compensation Committee*

The task of the Compensation Committee is to prepare issues relating to compensation for the CEO and Munters other senior management.

The Compensation Committee proposes guidelines for, among other things, the relationship between fixed and variable 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 CEO and other executives in the Company's senior management. Furthermore, the Compensation Committee shall monitor and evaluate the outcome of variable compensation schemes and the Company's compliance with compensation guidelines adopted by the Annual General Meeting.

The Compensation Committee has three members: Joachim Zetterlund (Chairman), Christopher Curtis and Andreas Näsвик.

The Compensation Committee had five meetings

during 2017. Members' attendance is shown in the table on page 70.

7 Group Management

Apart from the President and CEO, Group Management consists of four business area Vice Presidents and the CFO, and seven Group Vice Presidents responsible for the following central functions: Global Operations, Global Services, Innovation and Technology, HR & Communications, Strategy & Business Development, CSR and Investor Relations.

Until August 1, Per Hedeback was Group VP for Mist Elimination. Until September 2017, Ola Carlsson was Group VP for Global Operations. For the rest of the year, John Peter Leesi was acting VP for Global Operations. Katarina Lindström has been recruited for this role, and she will take office in the spring of 2018.

8 CEO

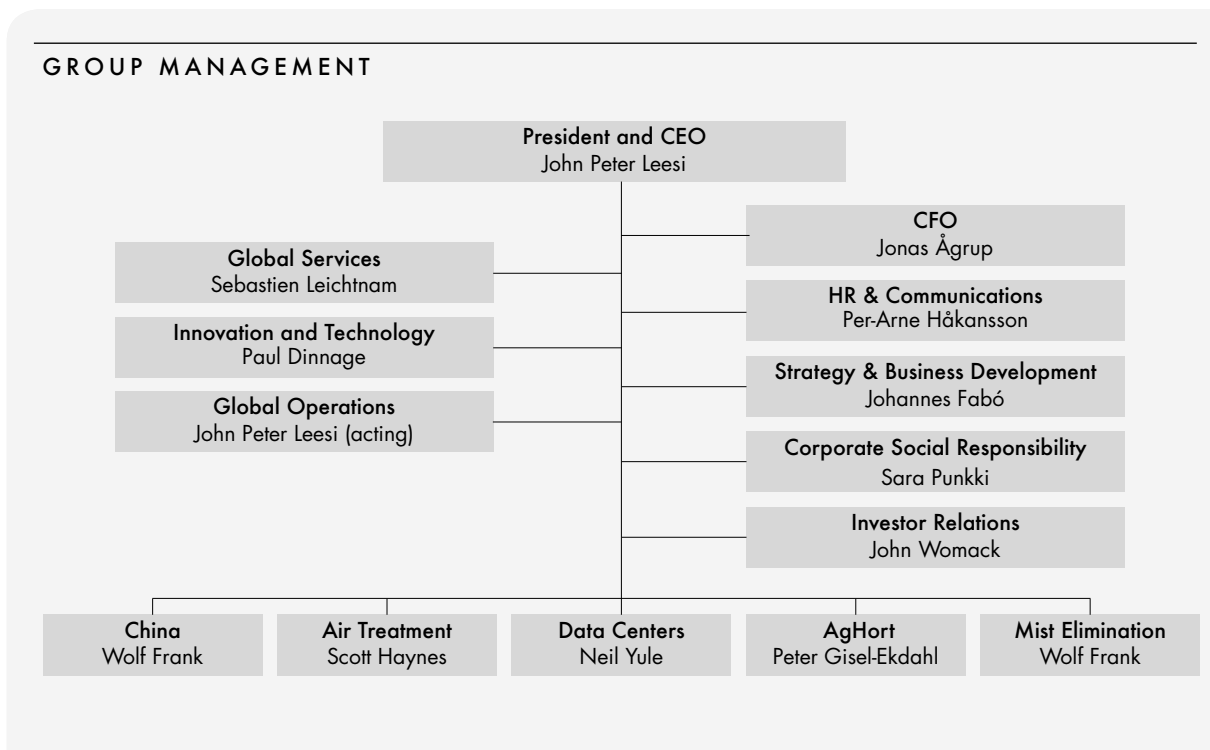
The CEO is responsible for day-to-day management in accordance with the guidelines and instructions of the Board of Directors. The CEO's responsibilities include taking all measures necessary to ensure that the organization and control of the Company's accounting takes place in accordance with current rules and regulations. The CEO shall also prepare all necessary information and supporting documentation for Board meetings and, if requested by the Chairman of the Board, to summon the meeting. The CEO reports at the Board meetings and shall submit motivated proposals for decision to the Board of Directors.

The CEO shall ensure that the Board members continually receive all information necessary to assess the Company's financial situation. The quality of the report shall be such that it permits the Board of Directors to make a well-grounded assessment.

Guidelines for compensation to Group Management

Guidelines for compensation to senior executives are evaluated and put forward for approval on a yearly basis at the AGM by the Board of Directors. Compensation for the CEO is prepared by the Compensation Committee and decided by the Board of Directors. Compensation for other senior executives is prepared by the CEO and decided by the Compensation Committee. The guidelines decided on at the AGM on March 28, 2017, and which are in effect until the 2018 AGM, are described below.

The group of senior executives encompassed by the



guidelines comprises the CEO and other members of Group Management, as well as, members of the Board of Directors of Munters, 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 AGM, and for changes made to existing agreements thereafter.

Compensation to Group Management may consist of fixed salary, variable salary, long-term incentive programs, pension and other benefits. The total remuneration package should be based on market terms, be competitive and enable Munters to recruit and retain the managers needed for the Company to meet its short-term and long-term targets.

Fixed salary

The fixed salaries 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 salaries for the CEO and the other members of the senior management are 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 work for the Board, consulting fees and/or other remuneration for such work may be payable. Annual fixed salary here means fixed salary in cash earned during the year excluding pension, supplements, benefits and the like.

Variable salary

Variable salary in cash is conditional upon the fulfillment of defined and measurable criteria and should be maximized to 140 percent of the annual fixed salary for the CEO and 70 percent for the other members of senior management. These criteria are determined for the promotion of the Company'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 salary should be designed so that the Board of Directors, if exceptional economic circumstances prevail, has the option of limiting or refraining from payment of variable salary if such a measure is considered reasonable.

Long-term incentive programs

The Company's long-term incentive programs aim at creating long-term commitment to the Company, attracting and retaining members of the senior management and key employees, and to align the interests of the participants with the interests of the shareholders.

The Company's long-term incentive programs should constitute a complement to the fixed salary and the variable salary, with participants to be nominated based on factors such as competence and performance.

Pension benefits

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

Notice period and severance pay

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

Other benefits and compensation

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 indi-

vidual cases. Such extraordinary arrangements may, for example, include a one-off cash payment, or a support package including relocation support or similar.

Deviations 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.

Current terms of employment for the CEO and Group Management

Compensation

Compensation to the Group Management comprises fixed salary, variable compensation, pension and other benefits. Note 28 contains information about salaries and other remuneration for the CEO and other senior executives recognized as expenses in 2017.

Notice of termination

The notice period for the CEO and other members of Group Management is six months in the event of termination by the senior executive, without entitlement to severance pay. In the event of termination by Munters, the notice period is 12 months for the CEO and 6 months for other members of Group Management.

In such an event, severance pay equivalent to 24 months' salary is payable to the CEO and severance pay equivalent to 12 months' salary is payable to other members of Group Management.

Share-based incentive programs

At the Munters Extraordinary General Meeting on May 7, 2017, it was resolved to issue warrants as part of an incentive program for certain members of Group Management (the "Participants"). In total, the incentive program comprises eight individuals and not more than 5,222,000 warrants. The Participants were allowed to

subscribe for warrants at a market value corresponding to in total not more than SEK 17.99 million. The maximum number of warrants corresponds to approximately 2.77 percent of Munters share capital, assuming full exercise of the warrants. The warrants are being issued in two separate series. Each Participant has received an equal number of warrants of both series.

The number of warrants depends on the Participant's position within Munters, and the number of shares held by the Participant at the time the program commenced.

Series 2017/2019 comprises up to 2,611,000 warrants that may be exercised during the following subscription period: May 19 to November 19, 2019, with the exception of the thirty-day period preceding, (a) the day of publication of the company's interim report for the second quarter of 2019, and (b) the day of publication of the Company's interim report for the third quarter of 2019.

Series 2017/2020 comprises up to 2,611,000 warrants that may be exercised during the following subscription period: May 19 to November 19, 2020, with the exception of the thirty-day period preceding (a) the day of publication of the company's interim report for the second quarter of 2020, and (b) the day of publication of the Company's interim report for the third quarter of 2020.

The exercise price for Series 2017/2019 corresponds to 121.22 percent of the offer price per share in connection with the Company's listing on Nasdaq Stockholm (SEK 55), but may not be lower than the quotient value of the share. Furthermore, if at the time of subscription, the last paid price for the shares on the closing of the stock exchange on the trading day preceding the subscription of new shares exceeds 157.74 percent of the determined exercise price, the exercise price shall be increased with an amount corresponding to an amount of the said price that exceeds 157.74 percent of the exercise price.

The exercise price for Series 2017/2020 corresponds to 130.91 percent of the offer price per share in connec-

tion with the Company's listing on Nasdaq Stockholm (SEK 55), but may not be lower than the quotient value of the share. Furthermore, if at the time of subscription, the last paid price for the shares on the closing of the stock exchange on the trading day preceding the subscription of new shares exceeds 189.29 percent of the determined exercise price, the exercise price shall be increased with an amount corresponding to an amount of the said price that exceeds 189.29 percent of the exercise price.

The terms of both warrant series include customary recalculation provisions, including for dividend payments made prior to the exercise of the warrants. The Company has reserved the right to repurchase warrants if, for example, the Participant's employment with the Company is terminated. Munters total costs for the program during its term are not expected to exceed SEK 13.3 million (mainly relating to social security contributions for Participants in jurisdictions where participation in the incentive program is taxed as earned income).

9 External auditor

Munters external auditor is appointed by the AGM. The auditor reviews the Annual Report and the consolidated financial statements, as well as, management by the Board of Directors and the CEO. The audit is conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit is reported on a continual basis over the year to the Company's Audit Committee. Over the year, the auditor participated in all Audit Committee meetings and in the Board meeting where the annual accounts are addressed. The auditor participates in the AGM, describing the audit work and the observations made in the audit report there.

The fee for the auditor for their audit work is paid out on a continual basis according to approved invoices.

Apart from audit work, Munters audit firm EY provided other services during the year, primarily tasks in conjunction with the Company's listing, acquisitions and tax-related issues. For information on remuneration to EY, refer to Note 29.

EY has been Munters auditor since 2010, and Erik Sandström, authorized public accountant and member of FAR (the professional institute for authorized public accountants in Sweden), has been auditor-in-charge since 2012. At Munters AGM in 2016, EY was re-elected as auditor for a term of office of four years, up through the 2020 AGM.



Erik Sandström,
Authorized Public
Accountant, EY

Internal control and risk management

Internal control deals with clarity and order, as well as with ensuring that what is to be done is done the way it was intended. Internal control is the collective term for the organization and the systems, processes, and routines that enable it.

Munters internal control of its financial reporting is based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The most important objectives for Munters internal control environment for financial reporting is that it is suitable and efficient, produces reliable reports and complies with laws and regulations.

Control environment

Internal control is formed by the overall control environment. The Board of Directors is responsible for adopting an efficient system of internal control and governing the work through the CEO. Group Management sets the tone for the operation, influencing employees' awareness regarding control. One precondition for a strong control environment is that there are clearly defined values in terms of ethics and integrity, and that these are communicated through governing documents such as policies, guidelines, manuals and codes. For financial reporting, Group Management in Munters issues policies and guidelines to all its subsidiaries, which are followed up with newsletters, telephone conferences, and direct control activities. Courses are also conducted for many areas of accounting, internal reporting requirements and systems.

The basis for the internal control process consists of a framework that creates structure for the other four components in the process: risk assessment, control activities, information and communication, and monitoring.

Risk assessment

Risk assessment is conducted on a yearly basis pursuant

to the Group's risk management policy. The likelihood of an error occurring, and the impacts of such an error, are evaluated here. Furthermore, an action plan for the most material risks is prepared. These risk assessments take strategic, operational, and financial, as well as, legal and regulatory risks into account. For more information on Munters' risk assessment efforts, refer to pages 61–63.

Control activities

Control activities are carried out in the entire organization, at all levels, and for all functions. They encompass a range of different activities such as approvals, reconciliations, review of the operation's earnings and allocation of responsibilities. Munters CFO is responsible for ensuring that identified risks relating to financial reporting at the Group level are addressed. Within each reporting unit, the finance staff are responsible for fair and accurate accounting and balancing the books. Global controllers, as well as, financial directors in the respective business areas, update forecasts and conduct outcome analyses. All business areas present their financial results in written reports on a monthly basis to the CFO, who in turn presents these to Group Management.

Information and communication

Munters has informational and communications channels that aim at ensuring that information is identified, collected, and communicated in a way and within a time frame that enables employees and directors to perform their tasks. Instructions for reporting and accounting guidelines are conveyed to the employees concerned through monthly newsletters and quarterly telephone conferences. The Group uses a shared system for reporting and consolidation of financial information.

Governing documents – in the form of policies, guidelines, and manuals for financial reporting – are

communicated primarily via the intranet and the Group's financial handbook, which is updated as needed.

Information for external parties is communicated on Munters' website together with other news and press releases. Quarterly reports are published and supplemented with presentations and investor meetings.

The Annual Report is provided to shareholders and other stakeholders through publication on Munters' website, and in print upon request.

Monitoring

The Board of Directors has final responsibility for all decisions regarding compliance within Munters. The Board reviews and approves internal control policies on a yearly basis. If needed, review and approval are conducted more frequently.

Every head of division is ultimately responsible for the financial information for their respective divisions. The information is further followed up at the business area level, by Group Management and, finally, by the Board of Directors. Munters financial position, strategies, and investments are discussed at every Board meeting. The Board is also responsible for monitoring internal control. This effort encompasses tasks such as ensuring that measures are taken to manage any deficiencies, and following up on proposals for measures that were pointed out in conjunction with the external audit.

Munters has no internal audit function, as it is the Board's opinion that the Company's internal organization and processes for monitoring fulfill this function in a satisfactory manner.

Board of Directors ^{1/2}



CHRIS CURTIS

Born 1957. Chairman of the Board since 2015. Member of the Compensation Committee.

Principal education and professional experience: BA, LeMoyne College. Studies in History and Economics. Twenty years of experience in leading positions at Schneider Electric.

Other current assignments/positions: CEO of Wencor Group. Non-executive director of S&C Electric Company. Trustee of LeMoyne College.

Previous assignments/positions (past five years): CEO of Schneider Electric North America. Non-executive director of Aegion Corporation and Kimball Electronics.

Holding in Munters Group AB: 501,437 Shares.*

HELEN FASTH
GILLSTEDT

Born 1962. Board member since 2017. Chairman of the Audit Committee.

Principal education and professional experience: M.Sc. in Finance & Control and International Business, Stockholm School of Economics. Studies in Sustainable Development, Stockholm Resilience Center at Stockholm University and KTH Royal Institute of Technology. Over twenty years of experience in leading positions at Statoil and SAS Group.

Other current assignments/positions: Board member of Handelsbanken Fonder AB, Samhall AB, Humana AB, and CEO of Blong AB.

Previous assignments/positions (past five years): Board member of AcadeMedia AB, Lindorff Group AS, Swedesurvey AB, Svefa Holding AB, Sjölanda Gärd Ekogrossisten AB.

Holding in Munters Group AB: 3,000 Shares.*



PER HALLIUS

Born 1962. Board member since 2013.

Principal education and professional experience: MBA, Harvard Business School. M.Sc. in Economics and Business Administration, Stockholm School of Economics. Independent advisor, board representative and investor. Almost 25 years in management consulting, most recently as Senior Partner at the Boston Consulting Group.

Other current assignments/positions: Chairman of the Board of Nefab Group AB. Vice Chairman of the Board of Ruukki Construction Oy. Board member of PMH Affärsutveckling AB, Beowulf AB and Quant AB. Industrial Advisor to the Nordic Capital Funds. Advisor to senior executives of large industrial multinationals.

Previous assignments/positions (past five years): Chairman of the Board of United Minds Samhällsanalys AB and My Academy Sweden.

Holding in Munters Group AB: 84,031 Shares.*



JOAKIM KARLSSON

Born 1971. Board member since 2010.

Principal education and professional experience: M.Sc. in Economics, Stockholm School of Economics. Part of the advisory group of JP Morgan, 1997–1998. Attendance in the Swedish Army Language School. Employed at the Stockholm Institute of East European Studies, 1993–1994, and the Swedish Embassy in Moscow, 1991–1993.

Other current assignments/positions: Chairman of the Board of Nordic Capital AB and Partner of NC Advisory AB, advisor to the Nordic Capital Funds. Board member of Resman AB, Coach Nebez Academy AB, Cidron Full Service Top Holding AB, and Luvata Oy. Deputy Board member of Motiv Stockholm AB.

Previous assignments/positions (past five years): Chairman of the Board of Nordic Fashion Topholding AB. Board member of Reynolds Holding AB. Deputy Board member of Ellos Holding AB.

Holding in Munters Group AB: –*



JOHN PETER LEESI

Born 1961. President and Chief Executive Officer since 2014.

Principal education and professional experience: BA in Business and Finance, Stockholm University. Chairman of the Board of Munters 2012-2015. Former CFO of Sony Ericsson.

Other current assignments/positions: Board member of Incell International AB.

Previous assignments/positions (past five years): Chairman of the Board of Luvata Heat Transfer Solutions I AB and Luvata Oy.

Holding in Munters Group AB: 1,823,829 Shares and 2,500,000 warrants.*



ANDREAS NÄSVIK

Born 1975. Board member since 2011. Member of the Audit Committee and the Compensation Committee.

Principal education and professional experience: M.Sc. in Economics and Business Administration, Stockholm School of Economics. Work with corporate finance, private equity, mezzanine investing and debt restructuring in Deutsche Bank, Goldman Sachs Investment Banking and Goldman Sachs Capital Partners.

Other current assignments/positions: Board member of SNV Holding AB, Avvir Invest Svenska AB, Hinter Lake Holding AB, and Lock TopCo AS. Partner of NC Advisory AB, advisor to the Nordic Capital Funds, and board member of Intrum AB.

Previous assignments/positions (past five years): Board member of Lindorff AB.

Holding in Munters Group AB: –*



LENA OLVING

Born 1956. Board member since 2017. Member of the Audit Committee.

Principal education and professional experience: M.Sc. in Mechanical Engineering, Chalmers University of Technology. President and CEO of Mycronic AB (publ). Former Deputy CEO and COO of Saab AB (publ), leading positions at Volvo Personvagnar AB during 25 years, incl. 7 years in Group Management. CEO of Samhall Högland AB.

Other current assignments/positions: Board member of Investment AB Latour (publ), Teknikföretagen and Kollegiet för svensk bolagsstyrning.

Previous assignments/positions (past five years): Board member of SJ AB and Novozymes AS.

Holding in Munters Group AB: 500 Shares.*

* No indirect holding

Board of Directors ^{2/2}



KRISTIAN SILDEBY

Born 1976. Board member since 2017.

Principal education and professional experience: M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Investment Manager and CFO in FAM AB. Former Vice President, Head of Finance and Risk Management at Investor AB.

Other current assignments/positions: Chairman of the Board of 82an Invest AB, Board member of Höganäs AB, Nefab Holding AB, Sol Voltaics AB, QuNano AB, and Kivra AB.

Previous assignments/positions (past five years): Chairman of the board of Blasieholmen 54 Restaurang AB, Board member of Lindström & Göthberg Executive Development AB, Power Wind Partners AB, Elk Holding AB and Mathias Dahlgren Innovations AB.

Holding in Munters Group AB: 6,000 Shares.*

JOACHIM
ZETTERLUND

Born 1963. Board member since 2012. Chairman of the Compensation Committee.

Principal education and professional experience: Executive Vice President Europe Corechange, Managing Director Preferred Accounts Division Dell UK, Vice President Northern Europe Cambridge Technology Partners and Business Area Manager Digital Medias Expressen.

Other current assignments/positions: Chairman of the Board of One Agency AB and FörlagsSystem AB. Board member of MHI Investments AB, JZ Business Development AB, Quant AB and Xpeedio Support Solutions AB.

Previous assignments/positions (past five years): Chairman of the Board of Office IT-Partner i Sverige AB. Board member of Basset AB and Tailormade Consulting Group Sweden AB.

Holding in Munters Group AB: 84,031 Shares.*



PIA NORDQVIST

Born 1973. Board member since 2004. Employee representative appointed by Unionen.

Position at Munters: Senior Business Application Specialist, Munters AB.

Holding in Munters Group AB: –*



ROBIN HEDÉN

Born 1991. Board member since 2017. Employee representative appointed by IF Metall.

Position at Munters: Unit Assembler, Tobo plant.

Holding in Munters Group AB: –*

SIMON
HENRIKSSON

Born 1984. Deputy member since 2017. Employee representative appointed by IF Metall.

Position at Munters: Material supplier, Tobo plant.

Holding in Munters Group AB: 350 shares*



ROBERT WAHLGREN

Born 1969. Deputy member since 2009. Employee representative appointed by Unionen.

Position at Munters: Customized Project Engineering Coordinator, Munters Europe AB.

Holding in Munters Group AB: –*

* No indirect holding

Group Management ^{1/2}



JOHN PETER LEESI

Born 1961. President and Chief Executive Officer since 2014.

Principal education and professional experience: BA in Business and Finance, Stockholm University. Chairman of the Board of Munters 2012–2015. Former CFO of Sony Ericsson.

Other current assignments/positions: Board member of Incell International AB.

Previous assignments/positions (past five years): Chairman of the Board of Luvata Heat Transfer Solutions I AB and Luvata Oy.

Holding in Munters Group AB: 1,823,829 Shares and 2,500,000 warrants.



JONAS ÅGRUP

Born 1960. Group Vice President and Chief Financial Officer since 2011.

Principal education and professional experience: BA in Business and Economics, Stockholm University. Various positions in ÅF, WM-data, Cardo and Atlas Copco.

Other current assignments/positions: Board member of Handelsbanken Kista.

Previous assignments/positions (past five years): -

Holding in Munters Group AB: 319,035 Shares and 415,000 warrants.



JOHANNES FABÓ

Born 1978. Group Vice President Strategy, Business Development and M&A since 2012.

Principal education and professional experience: M.Sc. in Industrial Engineering and Management, Chalmers University of Technology. Consultant and Project Leader at the Boston Consulting Group.

Other current assignments/positions: -

Previous assignments/positions (past five years): -

Holding in Munters Group AB: 79,333 Shares and 450,000 warrants.

PER-ARNE
HÅKANSSON

Born 1955. Group Vice President HR and Communications since 2011.

Principal education and professional experience: BA in Political Science and Economics, University of Lund. BA in Psychology, University of Lund. Various positions in Maersk and Digital Equipment Corporation.

Other current assignments/positions: -

Previous assignments/positions (past five years): Board member of Quant AB and PAHIT Consulting AB.

Holding in Munters Group AB: 126,401 Shares and 725,000 warrants.



SARA PUNKKI

Born 1975. Group Vice President CSR since 2017.

Principal education and professional experience: Master's degree in business law, Jönköping University. Various positions in Munters and prior to that in Arthur Andersen, Deloitte, Ericsson and Swedbank.

Other current assignments/positions: -

Previous assignments/positions (past five years): -

Holding in Munters Group AB: 31,026 Shares and 42,000 warrants.



PAUL DINNAGE

Born 1962. President Innovation and Technology.

Principal education and professional experience: B.S. Mechanical Engineering Massachusetts Institute of Technology 1984. Numerous roles within Munters over 32 years, from Operations Management to Vice President Technology.

Other current assignments/positions: -

Previous assignments/positions (past five years): -

Holding in Munters Group AB: 353,842 Shares.



JOHN WOMACK

Born 1966. Head of Investor Relations since 2017.

Principal education and professional experience: B.Sc. in Economics, Lund University. Diploma degree in Communication and Advertising, Stockholm University.

Other current assignments/positions: Board member of ArtGlass i Malmö AB, Womack Investor Relations AB and CarpetVista Group AB. Senior Advisor of Fogel & Partners.

Previous assignments/positions (past five years): Director of Investor Relations of Alimak Group AB (publ). Director of Information and Investor Relations of Clas Ohlson AB (publ).

Holding in Munters Group AB: 100 Shares.

Group Management ^{2/2}



**SEBASTIEN
LEICHTNAM**

Born 1971. Group Vice President Global Services since 2016.

Principal education and professional experience: MBA, EDHEC Business School. Executive education, INSEAD. Technician certificate diploma degree, Lille Catholic University. Various management positions in Tetrapak AB, Cardo AB, Crawford France and Hafa Manutention.

Other current assignments/positions: –

Previous assignments/positions (past five years): –

Holding in Munters Group AB: 57,307 Shares.



SCOTT HAYNES

Born 1963. Group Vice President Air Treatment since 2014.

Principal education and professional experience: B.Sc. in Business Administration, Isenberg School of Management at the University of Massachusetts. Management Development Program, Boston University. Sales Management Training Program, General Electric. Leadership & International Management, Swedish Institute of Management AB/Duke University. Various management positions in within Munters 1994–2004.

Other current assignments/positions: –

Previous assignments/positions (past five years): –

Holding in Munters Group AB: 332,157 Shares and 240,000 warrants.



PETER GISEL-EKDAHL

Born 1970. Group Vice President AgHort since 2011.

Principal education and professional experience: M.Sc. in Chemical Engineering, KTH Royal Institute of Technology. MBA, Copenhagen Business School. Various positions in Wedholms and Hackmans.

Other current assignments/positions: Board member of ABECE AB and Wedcooling AB.

Previous assignments/positions (past five years): Deputy Board member of Drivec AB.

Holding in Munters Group AB: 191,176 Shares and 295,000 warrants.



NEIL YULE

Born 1960. Group Vice President Data Centers since 2016.

Principal education and professional experience: MBA in Business Administration, Open Business School. Various management positions in Fläkt Woods Group. Managing Director of Waterloo Air Management plc, Hampton Mouldings Ltd and Salex Acoustic Materials Ltd.

Other current assignments/positions: –

Previous assignments/positions (past five years): –

Holding in Munters Group AB: 42,951 Shares and 555,000 warrants.



**WOLF-MARKUS
FRANK**

Born 1968. Group Vice President Mist Elimination since 2017, President Munters China since 2013.

Principal education and professional experience: MBA, Bradford University. MBA, University Paderborn. Various positions in Electrolux and jlu Group.

Other current assignments/positions: Managing Director of UBB-Frank GmbH.

Previous assignments/positions (past five years): Board member of Electrolux Spain.

Holding in Munters Group AB: 60,173 Shares.

OUR HISTORY

Our promise to customers: Creating the perfect climate

Munters has been an innovator in advanced climate control solutions since its founding in 1955. Carl Munters (1897–1989), a Swedish inventor and entrepreneur, built the company on his insights into the laws of thermodynamics and his ability to transform them into innovative technologies and commercial successes.

As time went on, Carl Munters would receive nearly 1,000 patents, most of them in the areas of dehumidification and evaporative cooling – which are today's core technologies at Munters. 227 of the patents he registered during his time at the company are still active today. Carl Munters was a passionate inventor, and his example is a strong source of inspiration in our daily work. Curiosity, innovation and the art of engineering are his legacy to us.



CARL MUNTERS (1897–1989)

In 1923, Carl Munters (above, right), and Baltzar von Platen invent the first refrigerator without moving parts, and sell the rights to Electrolux.

In the 1940s, Carl and a number of his employees developed the central inventions behind Munters operations: an air conditioning system based on evaporative cooling and dehumidification. The key components of the system were the sorption rotor and the evaporative cooling pads.

OUR HISTORY



1950s:
A breakthrough in modern dehumidifiers

Carl Munters founds Carl Munters & Co together with a number of partners, including Marcus Wallenberg, in 1955. The idea was to develop modern air conditioning systems based on evaporative cooling, dehumidification and heat recuperation. The starting shot for Munters dehumidification business is fired in 1958, when the Swedish Armed Forces orders 200 dehumidifiers.

1960s:
Out into the world

The company expands its production base, establishing dehumidifier production in the US. Its best-selling model ever, the M100, is launched in 1964.



1970s:
New markets

Product ranges, customer segments, and areas of use all expand. An international distribution network is established. The oil crisis of 1973 results in severe demands on energy savings, giving Munters major market potential. The company is acquired by Incentive AB in 1974, and Carl Munters retires.

1980s:
Broad international expansion

A modern Munters takes shape through acquisition of resellers and agents. The company establishes operations in several countries, including Japan in 1987. Munters focuses on environmental improvements; in 1988 it acquires a unique Swedish air purification technology (Zeol) that it further improves with Munters rotor technology.

1990s:
An international Group

Munters expands to become an international Group, with sales offices in over 25 countries.

A new manufacturing plant is built in San Antonio to concentrate dehumidification solutions for supermarkets and ice rinks. Environmental issues become increasingly important, laying the basis for new products in evaporative cooling. Munters finalizes its largest acquisition to date, and through Euroemme is now able to offer complete climate solutions for the rapidly expanding poultry industry. In 1997, Munters is listed on the Stockholm Exchange.

2000s:
Strategic acquisitions

Munters invests in sales and production in Asia. The acquisitions of Aerotech, Agro A/S, Turbovent Environment and Form make Munters a world leader in climate systems for livestock farming and greenhouse cultivation. Munters also acquires Des Champs Technologies – strengthening the company's position as a leading supplier of energy-efficient solutions for commercial buildings – and Toussaint Nyssenne, a leading European manufacturer of large-scale air treatment systems.

2010s:
Focus on the core

Munters is acquired by Nordic Capital Fund VII and is de-listed from the Stockholm Exchange in 2010. Several strategic acquisitions are made in the following areas:

Livestock farming and greenhouses

- Rotem – experts in control and management systems
- Reventa – specialists in climate control
- MTech and Edata – two outstanding companies in software for poultry and swine production

The power and processing industry

- Kevin Enterprises in India.

Air treatment for industrial and commercial applications

- ProFlute – a leading supplier of desiccant rotors to the global OEM market
- HB Group – a significant supplier of high-quality customized hygienic air treatment systems to clients such as the food industry

In 2017, Munters Group [ticker: MTRS] was listed on Nasdaq Stockholm.



Auditor's report

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of Munters Group AB (publ.), corporate identity number 556819-2321

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year, for which the extent is presented on page 15 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12, the auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm April 17, 2018
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of Munters Group AB (publ.), corporate identity number 556819-2321

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2017-01-01–2017-12-31 on pages 66–75 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16, the auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 17, 2018
Ernst & Young AB

Erik Sandström
Authorized Public Accountant