

Nomination Committee's proposals and reasoned statement

Background

The Nomination Committee has conducted its work in accordance with the regulations of the Swedish Corporate Governance Code.

The members of the Nomination Committee are: Jonas Bergh (chairman), representing the Haid owner family; Göran Sundström, representing the Tidstrand owner family; Erik Durhan, representing Nordea Funds; Ricard Wennerklint, representing If Skadeförsäkring AB; and Kenneth Bengtsson, Chairman of Clas Ohlson AB.

The Nomination Committee held two (2) minuted meetings, as well as individual contact, during the 2018/19 financial year, and one (1) subsequent minuted meeting prior to the Annual General Meeting ("AGM") in order to prepare proposals on the following:

- Chairman of the AGM
- Number of Members of the Board of Directors
- Members of the Board of Directors and Chairman
- Auditors
- Director fees, specified by Chairman and other Board members
- Fees for committee work
- Fees to the company's auditors

Reasoned statement

An evaluation of the work performed by the Board of Directors has been presented to the Nomination Committee. Chairman of the Board, Kenneth Bengtsson, has submitted his account of the Board of Directors' work during the financial year. The members of the Nomination Committee have also engaged in talks with CEO Lotta Lyrå to obtain more in-depth understanding of how the Board conducts its work.

The Nomination Committee is of the opinion that the work performed by the Board of Directors progressed very smoothly during the year and a key point of departure when electing the Board was to ensure that its members possessed the competencies, experience and background required for the assignment. The Nomination Committee has taken into account the Board's long-term composition on the basis of future competency requirements, diversity, even gender distribution and succession. The Nomination Committee has also discussed the recommendations regarding diversity and even gender distribution on the Board that are included in the Swedish Corporate Governance Code, and considered the company's diversity policy. The Nomination Committee strives to maintain an even gender distribution over time and states that the percentage of women on the Board was relatively satisfactory at thirty-seven point five (37.5) per cent (excluding employee representatives). Particular emphasis has also been placed on the company's strategies and objectives and on the requirements that the company's future orientation is expected to place on the Board.

Nomination Committee's proposals

The Nomination Committee has considered the number of Board members that would best contribute to efficient and smooth Board work. The Board currently comprises eight members elected by the AGM.

The Nomination Committee believes that this is a suitable number that enables efficient Board work. Consequently, the Nomination Committee proposes that the number of Board members be eight.

Based on the company's current position and challenges in the medium-term, the Nomination Committee believes that the current Board members possess the necessary competencies and experience to continue their Board assignments, as regards the industry and relevant business, financial and strategic expertise. The Board has gradually been renewed in recent years and the Nomination Committee see no need for additional renewal at this point in time.

The Nomination Committee proposes the re-election of Board members Kenneth Bengtsson, Mathias Haid, Margareta Lehmann, Håkan Lundstedt, Göran Näsholm, Charlotte Strömberg, Göran Sundström and Anne Thorstvedt Sjöberg. The Nomination Committee proposes that Kenneth Bengtsson be re-elected as Chairman of the Board.

As stated above, the Nomination Committee discussed in its work the recommendations for diversity and an even gender distribution in the Board as included in the Swedish Corporate Governance Code and the company's diversity policy. The Nomination Committee strives to maintain an even gender distribution over time. The proposed Board, excluding employee representatives, comprises three (3) women and five (5) men, corresponding to a percentage of women of thirty-seven point five (37.5) per cent.

The proposal above concerning the composition of the company's Board of Directors complies with the requirements of the Swedish Corporate Governance Code in respect of the independence of Board members.

The Nomination Committee supports the principle of minor continuous increases in director fees. The previous AGM resolved that fees were to be unchanged. Since no increase has been made to the director fees, with the exception of committee fees, since 2015 and since the directors fees shall be in line with market and be competitive to be able to recruit the right competence the Board proposes the following increase of director fees amounting to a total proposed increase of some seven (7) percent (director fees 18/19 in brackets).

The Nomination Committee proposes to the AGM that the total director fees, including fees for committee work, be paid in the amount of SEK 3,670,000 to be allocated as follows: SEK 700,000 per year to the Chairman of the Board (SEK 640,000) and SEK 340,000 per year to each of the other AGM-elected Board members (SEK 320,000). Further, the Nomination Committee proposes that remuneration for committee work be paid in the amount of SEK 160,000 to the Chairman of the Audit Committee (SEK 145,000), SEK 85,000 to each of the other members of the Audit Committee (SEK 75,000) (currently two (2)), and SEK 130,000 to the Chairman of the Remuneration Committee (SEK 125,000) and SEK 65,000 to each of the

other members of the Remuneration Committee (SEK 62,500) (currently two (2)). Any decisions by the Board to adjust the number of committee members will also affect the total director fees.

Fees are paid as salary.

The Nomination Committee has studied the Audit Committee's recommendation to the Nomination Committee that Deloitte be proposed as auditor for one year. The Nomination Committee proposes that Deloitte be appointed the company's auditor for the period from the close of the 2019 AGM until the close of the 2020 AGM.

It is proposed that audit fees during the auditors' period in office be paid on a current-account basis in return for company-approved invoices.

The Nomination Committee proposes that Kenneth Bengtsson be elected Chairman of the AGM.

Shareholders were informed on the company's website that they can submit proposals to the Nomination Committee.

Information concerning the proposed Board members

Kenneth Bengtsson

Born 1961.

Chairman of the Board since 2014. Board member since 2013.

Professional experience: CEO and various executive positions at ICA for more than 30 years.

Other significant directorships: Chairman of the Board of Diaverum, Ersta diakoni, Lyko, Systembolaget and World Childhood Foundation. Board member of Herenco, Synsam and Virtual Stories AB.

Shareholding: 15,000 Series B shares (own holdings) and 42,000 Series B shares via a legal entity.

Independent in relation to the company, executive management and major shareholders according to the Swedish Corporate Governance Code.

Mathias Haid

Born 1970.

Board member since 2015.

Professional experience: Several senior positions in Lufthansa's airline operations, 1998–present. Member of the Board of Clas Ohlson AS and Clas Ohlson Oy between 2002 and 2005.

Other significant directorships: Board member of Clas Ohlson Foundation.

Shareholding: 11,610 Series B shares.

Dependent in relation to major shareholders according to the Swedish Corporate Governance Code. Independent in relation to the company and executive management.

Margareta Lehmann

Born 1958.

Board member since 2018.

Professional experience: Senior Advisor Essity, President of Health and Medical Solutions at Essity (part of SCA until 2017), has previously held a number of leading positions within SCA and Mölnlycke, and has been a board member of Sanitec.

Other significant directorships: Board member in Essity Hygiene and Health AB.

Shareholding: 4,500 Series B-shares.

Independent in relation to the company, executive management and major shareholders according to the Swedish Corporate Governance Code.

Håkan Lundstedt

Born 1966.

Board member since 2018.

Professional experience: CEO and managing director of Synsam, previously CEO of Mekonomen and Lantmännen, and a number of senior roles with Orkla.

Other significant directorships: Board member with Carl Edmond and the Venue Retail Group.

Shareholding: 0.

Independent in relation to the company, executive management and major shareholders according to the Swedish Corporate Governance Code.

Göran Näsholm

Born 1955.

Board member since 2015.

Professional experience: CEO of Ahlsell AB 1999–2015, Executive Vice President Ahlsell AB, Division Manager in Ahlsell AB, CEO of Jirva AB, Purchasing Director at Calor Celsius AB, various purchasing-related positions in the Alfa Laval Group.

Other significant directorships: Chairman of Fresks Holding AB and Malef Holding AB.

Board member of Martin & Servera AB and Pegroco Invest AB.

Shareholding: 50,500 Series B shares.

Independent in relation to the company, executive management and major shareholders according to the Swedish Corporate Governance Code.

Charlotte Strömberg

Born 1959.

Board member since 2017.

MSc in Business and Economics, Stockholm School of Economics.

Professional experience: Former CEO of Jones Lang LaSalle Nordic region, a number of senior positions at Carnegie Investment Bank and worked at Alfred Berg/ABN Amro, Consensus and Robur Kapitalförvaltning.

Other significant directorships: Chairman of Castellum AB, Board member of Kinnevik AB, Founding Partner DHS Venture, Sofina S.A., Skanska AB and a member of the Swedish Securities Council.

Shareholding: 5,000 Series B shares.

Independent in relation to the company, executive management and major shareholders according to the Swedish Corporate Governance Code.

Göran Sundström

Born 1962.

Board member since 2014.

MSc in Business and Economics, Lund University.

Professional experience: Founder and CEO of Sundström & Partners AB, various senior positions in Corporate Finance at Alfred Berg Fondkommission AB, Aros Securities AB and Nordea Securities.

Other significant directorships: Chairman of Logitall AB and Board member of Parks & Resorts Scandinavia AB, Sundström & Partners AB and the Clas Ohlson Foundation.

Shareholding: 2,400 Series B shares (own holdings) and 1,600 Series B shares via a legal entity. Dependent in relation to major shareholders according to the Swedish Corporate Governance Code. Independent in relation to the company and executive management.

Anne Thorstvedt Sjöberg

Born 1965.

Board member since 2017.

MSc in Business and Economics, School of Business, Economics and Law at the University of Gothenburg.

Professional experience: Global Vice President Marketing, Electrolux AB. Previously global director, consumer, analytics and business development Mondelez International. Extensive international experience in leading positions in companies such as Kraft Foods and Procter & Gamble.

Shareholding: 4,200 Series B-shares.

Independent in relation to the company, executive management and major shareholders according to the Swedish Corporate Governance Code.