

Nomination Committee's proposals and reasoned statement

Background

The Nomination Committee has conducted its work in accordance with the rules of the Swedish Corporate Governance Code. The members of the Nomination Committee are Malin Persson (Chair), appointed by the Haid owner family, Johan Ståhl, appointed by the Tidstrand owner family, Richard Torgerson, appointed by Nordea Funds, Ricard Wennerklint, appointed by If Skadeförsäkring AB, and Kenneth Bengtsson, Chair of the Board of Directors of Clas Ohlson AB.

In addition to individual contacts between its members, the Nomination Committee has during the 2022/23 financial year held three minuted meetings, out of which one meeting included the CEO Kristofer Tonström, and two subsequent minuted meetings prior to the Annual General Meeting ("AGM") in order to prepare proposals on the following:

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

Reasoned statement

An evaluation of the work performed by the Board of Directors has been presented in writing to the Nomination Committee. The Chair of the Board, Kenneth Bengtsson, has submitted his account of the Board of Directors' work during the financial year and the Nomination Committee has conducted individual meetings with the Board of Directors elected by the AGM. The members of the Nomination Committee have also engaged in talks with CEO Kristofer Tonström to obtain a more in-depth understanding of how the Board carries out its work.

The Nomination Committee is of the opinion that the work performed by the Board of Directors progressed very well during the year. A key starting point when preparing the proposal for the members of the Board has been to ensure that the members possess the competence, experience and background required for the assignment. The Nomination Committee further strives for an even gender distribution over time and has taken note of and considered the company's diversity policy (that in short encompasses that the company is an inclusive organization with zero tolerance for discrimination and which actively works towards diversity in all working groups). In the proposed Board, the share of female members is 37.5 per cent and the share of male members is 62.5 per cent (excluding employee representatives), which means that the Nomination Committee's proposal is very close to the long-term goal of a 40 per cent share for the least represented gender which has been set up by the Swedish Corporate Governance Board. 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 well-functioning 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 competence and experience to continue their Board assignments, taking into account the company's industry and business, as well as financial and strategic expertise.

The Nomination Committee proposes the re-election of Board members Kenneth Bengtsson, Mengmeng Du, Mathias Haid, Patrik Hofbauer, Håkan Lundstedt, Charlotte Strömberg, Göran Sundström and Anne Thorstvedt Sjöberg.

The Nomination Committee proposes that Kenneth Bengtsson be re-elected as Chair of the Board.

In an assessment of the independence of the proposed Board members, the Nomination Committee has found that the proposed Board meets the independence requirements set out in the Swedish Corporate Governance Code. Information about all proposed Board members is available on the company's website, <http://about.clasohlson.com>.

The Nomination Committee supports the principle of minor continuous increases in director fees. At the previous AGM it was resolved that the director fees should be increased with a total of 4.6 per cent.

The Nomination Committee proposes to the AGM that the total director fees, including fees for committee work, be paid in the amount of SEK 4,320,000 (SEK 4,200,000) to be allocated as follows: SEK 900,000 per year to the Chair of the Board (SEK 850,000) and SEK 400,000 per year to each of the other AGM-elected Board members (SEK 390,000). Further, the Nomination Committee proposes that SEK 170,000 is paid out to the Chair of the Audit Committee (SEK 170,000) and SEK 90,000 to the other (currently two) members of the Audit Committee (SEK 90,000), and that SEK 135,000 is paid out to the Chair of the People Committee (SEK 135,000) and SEK 67,500 to each of the other (currently two) members of the People Committee (SEK 67,500).

The Nomination Committee accordingly proposes an increase of 2.9 per cent in Board fees compared with the preceding year (level for 2022/23 in brackets).

Any decisions by the Board to adjust the number of committee members will also affect the total director fees above.

Director fees are paid as salary.

The Nomination Committee proposes that the company shall have one auditor, and no deputy auditor.

The registered accounting firm Deloitte AB has been the company's auditor since 2013. Prior to this year's election of auditor, the company has therefore conducted a so-called selection procedure. The Audit Committee, which analyzed and weighed the selection criteria (such as audit team composition, commitment and availability, retail experience, audit model and auditor's fees) in relation to submitted tenders, concluded that Deloitte AB has the most attractive offer to meet the company's requirements. The Audit Committee therefore decided to recommend re-election of Deloitte AB as auditor for the period until the end of the 2024 AGM, or in the alternative, election of the registered accounting firm Öhrlings PricewaterhouseCoopers AB. The Audit Committee has confirmed that the recommendation is free from influence by third parties and that it is not the result of any conditions that limit the election of the auditor. The Nomination Committee has taken note of the Audit Committee's recommendation and, in accordance with the recommendation, proposes re-election of Deloitte AB as the company's auditor for the period until the end of the 2024 AGM. Deloitte AB has stated that, provided that the Nomination Committee's proposal is adopted by the AGM, authorized public accountant Johan Telander will continue to be auditor-in-charge.

It is proposed that the auditor's fees be paid on a current-account basis in return for company-approved invoices.

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