

## **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 Investment Funds, Ricard Wennerklint, representing If Skadeförsäkring AB, and Kenneth Bengtsson, Chairman of Clas Ohlson AB.

The Nomination Committee held four (4) minuted meetings, as well as individual contact, during the 2016/17 financial year, and four (4) subsequent, minuted meetings 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 former CEO Klas Balkow 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 forty three (43) 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. The Nomination Committee has also adopted a recommendation, which has been shared with the Board, that Board members should, over time, own shares at a value corresponding to at least an annual director fee.

### **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 seven members elected by the AGM. The Nomination Committee believes that it is appropriate to return to eight Board members in order to allow the Board's committee work to be strengthened, to facilitate forthcoming successions and to ensure efficient Board work together with the members elected by the trade unions. Consequently, the Nomination Committee proposes that the number of Board members be eight.

Sanna Suvanto Harsaae has stated that she will not be standing for re-election after seven (7) years on the Board.

Based on the company's current position and challenges in the medium-term, the Nomination Committee believes that the remaining Board members possess the necessary competencies and experience to continue their Board assignments, as regards the industry and relevant business, financial and strategic expertise. However, the Nomination Committee believes that the Board should be supplemented with a candidate who possesses significant Board experience, promotes shareholder value and holds extensive financial expertise and retail experience, and a candidate who can provide additional leading retail expertise and customer analysis and who can strengthen the Board's know-how in international retail. The Board has gradually been renewed in recent years.

The Nomination Committee proposes re-election of the Board members Kenneth Bengtsson, Ros-Marie Grusén, Mathias Haid, Cecilia Marlow, Göran Sundström and Göran Näsholm. The Nomination Committee proposes that Kenneth Bengtsson be re-elected as Chairman of the Board.

The Nomination Committee proposes that Charlotte Strömberg and Anne Thorstvedt Sjöberg be elected new members 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 proposed Board, excluding employee representatives, comprises four (4) women and four (4) men, corresponding to a percentage of women of fifty (50) 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 AGM in the preceding year resolved that the fee to the Board Chairman was to be raised by 10,000 SEK to 640,000 SEK, that director fees to Board members were to be raised by 5,000 SEK to 320,000 SEK and that committee fees were to remain unchanged. In light of the increased introduction of laws and legislation and the increase in the Audit Committee's work

load, the Nomination Committee believes that an increase in fees to the Audit Committee is justified. The Nomination Committee proposes that fees to the Chairman of the Audit Committee be raised from 137,500 SEK to 145,000 SEK and fees to the member of the Audit Committee be raised from 68,750 SEK to 75,000 SEK. Other fees to the Chairman of the Board, Board members and members of the Remuneration Committee are proposed to remain unchanged. Following the increase in fees to the Audit Committee, the Nomination Committee believes that fees to the Board and its Committees are in line with the market. Accordingly, the Nomination Committee proposes to the AGM that total director fees be raised this year and that director fees, including fees for committee work, be paid in an amount of 3,412,500 SEK, distributed as follows: 640,000 SEK per year to the Chairman of the Board and 320,000 SEK per year to each of AGM-elected Board members. The Nomination Committee also proposes that remuneration of members of the Audit Committee be paid in an amount of SEK 145,000 to the Chairman of the Audit Committee and SEK 75,000 to each of the other members of the Committee (currently one (1) member), and that remuneration of the Remuneration Committee be paid in an amount of SEK 125,000 to the Chairman of the Remuneration Committee and SEK 62,500 to each of the three (3) other members of the Committee. 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 2017 AGM until the close of the 2018 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 Elisabet Salander Björklund 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 Ahlsell AB, Ersta diakoni, Eurocommerce, Systembolaget and World Childhood Foundation. Board member of Synsam and Herenco.

**Shareholding:** 8,000 Series B shares (own holdings) and 17,000 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.

***Ros-Marie Grusén***

Born in 1971.

Board member since 2016.

BA in Social Sciences and Behavioural Science.

**Professional experience:** Managing Director of Norsk Medisinaldepot AS, Head of Scandinavia of Celesio AG, Managing Director of Admenta Sweden AB/LloydsApotek, Managing Director of Plantagen Sverige AB and has held a number of positions at IKEA.

**Other significant directorships:** Board member of Besqab AB and Granngården AB.

**Shareholding:** 0

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:** Lufthansa pilot, several senior positions in Lufthansa's airline operations. Board member of Clas Ohlson AS and Clas Ohlson Oy.

**Shareholding:** 2,140 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.

***Cecilia Marlow***

Born 1960.

Member of the Board since 2007.

MSc in Business and Economics, Stockholm School of Economics.

**Professional experience:** CEO of Kronans Droghandel, CEO of JC, CEO of Polarn & Pyret, CEO of Ordning & Reda and CEO of Publicis Welinder.

**Other significant directorships:** Chairman of the Board of Kivra. Board member of Midsona, Platzer Fastigheter, Fazer Group, Mathem, Nordea Fonder and Internationella Engelska Skolan.

**Shareholding:** 1,500 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.

***Göran Näsholm***

Born 1955.

Board member since 2015.

**Professional experience:** CEO of Ahlsell AB, Executive Vice President Ahlsell AB, Division Manager for two of five divisions at Ahlsell AB, President 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 LW AB. Board member of Martin & Servera.



**Shareholding:** 18,642 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 and Sundström & Partners AB.

**Shareholding:** 600 Series B shares (own holdings) and 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.

**Charlotte Strömberg**

Born 1959.

**Professional experience:** Former CEO of Jones Lang LaSalle in the Nordics, Head of Investment Banking at Carnegie Investment Bank, and a number of senior positions at Carnegie Investment Bank, Alfred Berg/ABN Amro, Consensus and Robur Kapitalförvaltning.

**Other significant directorships:** Chairman of Castellum AB, Board member of Bonnier Holding AB, Ratos AB, Sofina S.A., Skanska AB and a member of the Swedish Securities Council.

**Shareholding:** 0

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

**Anne Thorstvedt Sjöberg**

Born 1965

**Professional experience:** Global Insights Director with extensive Nordic and international experience from a number of different positions (customer, retailer, channel) at companies including Procter & Gamble, Kraft Freia Marabou, Kraft Foods and Mondelez International.

**Shareholding:** 0

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