

## **Report on the work of the Nominating Committee of Aktiebolaget Industrivärden ahead of the 2018 Annual General Meeting**

### **1. Nominating Committee's recommendations to the 2018 Annual General Meeting (AGM)**

Aktiebolaget Industrivärden's nominating committee proposes the following.

#### AGM Chairman

Attorney Sven Unger.

#### Number of directors

Eight directors and no deputy directors.

#### Directors' fees

Chairman of the Board: unchanged at SEK 2,000,000.

Vice Chairman (in the event such is appointed): unchanged at SEK 1,200,000.

Each of the other non-executive directors: unchanged at SEK 600,000.

No separate fee is to be paid for committee work.

#### Board of Directors

Re-election of Pär Boman, Christian Caspar, Bengt Kjell, Nina Linander, Fredrik Lundberg, Annika Lundius, Lars Pettersson and Helena Stjernholm.

Re-election of Fredrik Lundberg as Chairman of the Board.

Biographical information about the proposed directors can be found on Industrivärden's website: [www.industrivarden.se](http://www.industrivarden.se).

#### Number of auditors

A chartered accounting firm.

#### Auditor

Re-election of PricewaterhouseCoopers AB (in accordance with the Audit Committee's recommendation).

PricewaterhouseCoopers AB has notified that if the firm is elected, it will appoint Authorized Public Accountant Magnus Svensson Henryson as chief auditor.

### Auditor's fee

Fee in accordance with approved invoice.

### Nominating Committee

The Nominating Committee is of the opinion that there is no reason to amend the resolution regarding the Nominating Committee that was made at the 2011 Annual General Meeting, and which applies until further notice.

## **2. Information on Nominating Committee**

According to a resolution made by the 2011 Annual General Meeting – which applies until further notice – the Chairman of the Board is assigned the task of contacting four of the largest registered shareholders in terms of votes in Euroclear Sweden AB's printout of the shareholder register on the last business day in August, who each appoint one representative who is not a director on Industrivärden's board, to form together with the Chairman of the Board a nominating committee for the time until a new nominating committee has been appointed. The Nominating Committee appoints a chair from among its members. The composition of the Nominating Committee shall be announced not later than six months before the next Annual General Meeting. No fee shall be paid to the committee members. If a member leaves the Nominating Committee before its work has been completed, and if the Nominating Committee is of the opinion that there is a need to replace this member, the Nominating Committee shall appoint a new member. Any change in the Nominating Committee's composition shall be publicly announced immediately.

Pursuant to this resolution, the following persons have made up the Nominating Committee ahead of the 2018 Annual General Meeting: Bo Damberg (the Jan Wallander and Tom Hedelius Foundation and others), Mats Guldbrand (L E Lundbergföretagen), Fredrik Lundberg (Chairman of the Board of Aktiebolaget Industrivärden), Håkan Sandberg (Handelsbanken Pension Foundation and others), and Mikael Schmidt (SCA Pension Foundation and others). The Nominating Committee appointed Mats Guldbrand as committee chair.

Information about the composition of the Nominating Committee was published on October 5, 2017, and since then has been available on the Company's website.

According to information on the Company's website, shareholders who wish to submit proposals to the Nominating Committee have had the opportunity to contact the Nominating Committee by e-mail at the address [valberedning@industrivarden.se](mailto:valberedning@industrivarden.se), or via Aktiebolaget Industrivärden's postal address. No such proposals from shareholders have been received.

The Nominating Committee held two meetings, at which minutes were recorded. All of the committee's members attended the meetings. The result of the Board's evaluations of the work of the Board and the Chairman of the Board was presented to the Nominating Committee. The Nominating Committee was also presented with the results of the Company's evaluation of the auditor's work, as well as of the Audit Committee's recommendation for election of auditor.

### **3. Nominating Committee's reasoned statement**

With respect to the Board's composition, the Nominating Committee has considered the directors' requisite experience, competence and diversity. The Nominating Committee has also taken into account each director's ability to dedicate the requisite time and commitment to the board assignment. The Nominating Committee applied rule 4.1 of the Swedish Corporate Governance Code as its diversity policy in drafting its recommendations.

The Nominating Committee is of the opinion that the proposed board has a suitable composition in view of the Company's business, stage of development and conditions in general, characterized by diversity and breadth in competence, experience and backgrounds. The proposal also ensures continuity in the board work, which the Nominating Committee has deemed to be significant – as it did ahead of the 2017 Annual General Meeting – in view of the changes that took place in the Board's composition in 2015.

Three of the proposed directors are women, which corresponds to 37.5% of the total number of directors.

The Nominating Committee has made the following assessment with regard to directors' independence.

Fredrik Lundberg and Lars Pettersson are not to be considered independent in relation to major owners,<sup>1</sup> but independent in relation to the Company and the Executive Management. Pär Boman is not to be considered independent in relation to major owners nor to the Company and the Executive Management.<sup>2</sup> Christian Caspar, Bengt Kjell, Nina Linander and Annika Lundius are to be considered independent in relation to major owners as well as to the Company and the Executive Management. Helena Stjernholm is not to be considered independent in relation to the Company and the Executive Management, but independent in relation to major owners. With respect to Bengt Kjell, who served as acting CEO of the Company during the period May 6–August 31, 2015, the Nominating Committee is of the opinion – as it was ahead of the 2016 and 2017 Annual General Meetings – that conditions exist to consider him independent in relation to the Company and the Executive Management. When Bengt

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<sup>1</sup> Lars Pettersson is a director of L E Lundbergföretagen.

<sup>2</sup> Since Pär Boman was Group Chief Executive Handelsbanken, which is a related company to Industrivärden, up until the bank's 2015 AGM, the Nominating Committee has determined that he is not to be considered independent in relation to Industrivärden and its Executive Management.

Kjell was appointed as acting CEO, it was clearly communicated that this assignment was temporary and that a new CEO was expected to be appointed during the third quarter of 2015, which also took place. He served in his assignment during a very limited time. In addition, Bengt Kjell serves in several other assignments. Against this background, the Nominating Committee has determined that any non-independent relationship in relation to the Company and the Executive Management cannot be considered to have arisen due to his temporary employment as acting CEO.

The Nominating Committee is of the opinion that its proposals meet the requirements for directors' independence set forth in the Swedish Corporate Governance Code.

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Stockholm in February 2018

The Nominating Committee of Aktiebolaget Industrivärden