

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; and Kenneth Bengtsson, Chairman of Clas Ohlson AB.

The Nomination Committee held three (3) minuted meetings, as well as individual contact, during the 2019/20 financial year, and seven (7) 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
- Number of Auditors
- 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 orally and in writing. 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, Clause 4.1, 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). 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 Nomination Committee deems that the Board can be strengthened further in relation to digital expertise and competence.

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

Margareta Lehman and Göran Näsholm have declared that they will not be standing for re-election.

The Nomination Committee proposes that Mengmeng Du and Patrik Hofbauer be elected new members of the Board.

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, Clause 4.1, 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. At the previous AGM it was resolved that the director fees should be increased with some seven (7) percent. The Nomination Committee is of the opinion, despite the principle of minor continuous increases in director fees, that the fees are not increased due to the macroeconomic development and its effect on retail, due to COVID-19, and it is therefore proposed that the director fees are to be unchanged.



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

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

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 adheres to Audit Committee's recommendation, and proposes that Deloitte be appointed the company's auditor for the period from the close of the 2020 AGM until the close of the 2021 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, Envirotainer, Ersta diakoni, Lyko, Mio möbler AB and World Childhood Foundation. Board member of Herenco, Synsam and Virtual Stores AB.

Shareholding: 67,000 Series B shares.

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

Mengmeng Du

Board member

Born 1980

Proposed to be elected as a new member of the Board

Master of Engineering from KTH Royal Institute of Technology (computer science) and a Master from the Stockholm School of Economics

Professional experience: Several senior positions in digital start-ups, including COO at Acast AB, different senior positions in Operations, Marketing and International Growth at Spotify AB, and VP Product Development at Stardoll AB. One of the founders at GetGeek Inc., and digital advisor in Mimion AB.

Other significant directorships: Board member in Finnair, NetOnNet Group and Saminvest 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: 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: 503,980 Series A shares and 2,389,777 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.

Patrik Hofbauer

Board member

Born 1968

Proposed to be elected as a new member of the Board

DIHM Market Economist IHM Business School, and a Master from IHM Business School.

Professional experience: Managing Director Svenska Spel AB, Managing Director Telenor Sverige AB, Telenor Broadcast & Canal Digital, Clear Channel, NEC Skandinavien and Sales Manager Scandic Hotels AB.

Other significant directorships: Board member in the Confederation of Swedish Enterprise (Svenskt Näringsliv), NHST Media Group and Telenor Broadcast.

Shareholding: 0



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 the Venue Retail Group.

Shareholding: 0.

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.

Master of Science 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, Deputy Chairman of Sofina S.A., Board member of Kinnevik AB, and Lindéngruppen AB, Founding Partner DHS Venture, 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.

Master of Science in Business and Economics, University of Lund

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: 4,000 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.

Anne Thorstvedt Sjöberg

Born 1965



Board member since 2017.

Master of Science in Business and Economics, University of Gothenburgh.

Professional experience: Global Vice President Marketing, Consumer Insight & Analytics, Electrolux AB. Previously Global Insights Director with a Nordic and International experience in a number of different roles (customer, retail, channels) in companies such as Procter & Gamble, Kraft Freia Marabou, Kraft Foods and Mondelez International.

Shareholding: 4,200 Series B-shares.

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