

# ÅF AB – The work of the Nomination committee and the committee's proposals to the 2018 Annual General Meeting

---

## 1 The Nomination committee and its work

In accordance with the principles adopted by the 2016 annual general meeting, the nomination committee consists of the chairman of the Board, Anders Narvinger, Magnus Olofsson, appointed by the ÅForsk Foundation and Chair of the nomination committee, Monica Åsmyr, appointed by Swedbank Robur Fonder, Jonathan Schönbäck, appointed by Handelsbanken Investment Management, Johan Strandberg, appointed by SEB Investment Management and Rickard Wilson, appointed by Zeres Public Market Fund.

As basis for its work, the Nomination committee has interviewed the Board members and has also engaged an external advisor to perform an evaluation. The nomination committee has also discussed the company's strategic challenges with the CEO. Alongside this, the nomination committee has also met with the chairman of the audit committee who presented the committee's work and considerations regarding the auditing of the company. The nomination committee has held a total of 8 recorded meetings.

## 2 Proposals of the nomination committee

As mandated by the annual general meeting and in accordance with the principles of the Swedish Corporate Governance Code, the nomination committee submits the following proposals to the 2018 annual general meeting of shareholders in ÅF AB (publ).

### *Chairman of the meeting*

The Nomination committee proposes that the Chairman of the Board, Anders Narvinger, chairs the 2018 Annual General Meeting.

### *Board of Directors*

The Nomination committee proposes that the Board of Directors of the company shall consist of eight (8) members elected by the Annual General Meeting with no deputies.

Re-election of the current members of the Board, Gunilla Berg, Anders Narvinger, Maud Olofsson, Joakim Rubin, Kristina Schauman and Anders Snell.

Staffan Jufors and Björn O. Nilsson has declined re-election.

It is proposed that Jonas Abrahamsson and Ulf Södergren are appointed as new members of the Board.

Jonas Abrahamsson is born 1967. He holds a master in business administration from the University of Lund. He is CEO of the Swedavia Group. Before joining Swedavia he worked for E.ON, most recently as group CEO of E.ON Sweden 2010-2016. Jonas Abrahamsson is a fellow of the Royal Swedish Academy of Engineering Sciences and also a member of the Board of Almega Tjänsteförbundet.

Jonas Abrahamsson owns no shares or other financial instruments issued by ÅF.

Ulf Södergren is born 1953. He holds an engineering degree from KTH - the Royal Institute of Technology and a master of business administration from the University of Stockholm. Ulf Södergren is Executive Vice President and Chief Technology Officer of Assa Abloy. He is also a member of the Board of Mantex AB.

Ulf Södergren owns no shares or other financial instruments issued by ÅF.

### *Chairman of the Board*

The Nomination committee proposes that Anders Narvinger is re-elected as Chairman of the Board.

### *The Nomination Committees Statement*

When preparing the proposal of the composition of the Board of Directors, the Nomination committee has applied section 4.1 in The Swedish Corporate Governance Code regarding diversity, range of qualifications and gender balance in the Board of Directors.

The Nomination committee has evaluated which challenges the Board may encounter and, with these taken into consideration, assessed which requirements should be met regarding the Board's competence, experience and diversity. The Board members' ability to fully participate in the Board's work has also been a factor.

As basis for its work, the Nomination committee has inter alia made an evaluation of the Board of Directors and its work and considered the information received from the CEO about the company's operations, objectives and strategies. The Nomination Committee has found that the work of the Board is well functioning. The Board is active on the strategy and sustainability issues and participates in the analysis and preparations. The Board deems that it exercises a satisfactory control of the profitability and financial position of the company.

The proposal for the composition of the Board is based on considerations about which qualifications will best serve the company's current and future business. Knowledge of the industry and board experience from listed companies have been deemed material. Various competences and experiences among the board members are also important. Through the proposed new members Jonas Abrahamsson and Ulf Södergren, additional competences are brought to the board, especially within the areas of energy and digitalization, both which are deemed crucial to the development of the company.

The diversity issue is important and it is imperative that future nomination committees continue to work with it. Of the proposed Directors to be elected by the general meeting, five are men and three are women. The level of 40 percent of the less represented gender, which is what the Swedish Corporate Governance Board aims for on the Boards of the listed companies by the year 2020, is therefore almost reached. It is essential that future nomination committees continues to focus on the issue.

It is the conclusion of the Nomination committee that the proposed composition of the Board of Directors contain the competence and experience desirable for handling the challenges of the company. It is deemed that the proposal fulfils the requirements of the Swedish Corporate Governance Code, section 4.1 of which serves as ÅF's diversity policy for the Board of Directors.

### *The Board Members Dependence*

Anders Snell holds a position of dependence with regard to the largest shareholder in the company in respect of voting entitlement, The ÅForsk Foundation, but does not have a position of dependence with regard to the company.

None of the other Directors proposed has a position of dependence with regard to any of the company's major shareholders or with regard to the company.

Proposed composition of the Board fulfils the rules in the Swedish Code of Corporate Governance that more than half of the Board members shall be independent with regard to the company and that at least two of these members shall be independent with regard to the largest shareholders in the company.

### *Board Remunerations*

The Nomination Committee proposes that remuneration to the Board, including its committees, until the time of the next Annual General Meeting shall total SEK 3 695 000.

For the work of the Board, a fee of SEK 810 000 is proposed for the Chairman of the Board and SEK 350 000 for each of the seven other Directors. This brings the total fees paid for Board work to SEK 3 260 000. This is an increase of SEK 365 000 compared to the decision of the annual general meeting of 2017. The reason for the increase is that the growth of the company brings an increase in the workload of the Directors and that competitive remunerations are deemed an important factor when recruiting new Directors.

For the members of the Audit Committee, it is proposed a remuneration of SEK 150 000 to be paid to the Chair and SEK 60 000 for each of the other two members of the committee. For the members of the Remuneration Committee, it is proposed that remuneration of SEK 75 000 is paid to the Chair and SEK 45 000 for each of the other two members of the committee. This brings the total of fees paid out for committee work to SEK 435 000 which is, with the exception of the remuneration to Chair of the audit committee, unchanged compared to the levels adopted by the annual general meeting of 2017.

### *Auditor*

The Board's audit committee has performed a tendering process regarding the auditing of the company. It has informed the nomination committee that the accounting companies Ernst & Young and KPMG are deemed the most suitable for the assignment. The committee recommends KPMG. The nomination committee therefore proposes, in accordance with the recommendation of the audit committee, that the annual general meeting appoints the accounting company KPMG AB to act as the auditor of the company until the end of the 2018 annual general meeting.

### *Remuneration to the Auditors*

It is proposed that remuneration to the auditors be paid in accordance with approved invoices.

### *Principles for the Nomination Committee*

The Nomination Committee proposes that the Principles for the Nomination Committee shall remain unchanged and apply until an annual general meeting decides to change them:

The Nomination Committee shall consist of representatives of a minimum of three and a maximum of five of the largest shareholders by voting entitlement, together with the Chairman of the Board. The Chairman of the Board shall invite the five largest shareholders by voting entitlement to participate in the Nomination Committee. The entitlement shall be based on Euroclear Sweden AB's list of shareholders (by groups of owners) on the last banking day in August, and on other reliable information provided to the Company at this time.

The names of the members of the Nomination Committee and the names of the shareholders they represent are to be published at the latest six months before the Annual General Meeting. If any of the five largest shareholders by voting entitlement waives the invitation to appoint a representative to the Nomination Committee, the next largest shareholder in terms of voting rights shall be given the opportunity to appoint a representative. It is however not required to ask more than seven of the largest shareholders by voting entitlement unless the Nomination Committee has fewer than three representatives. The person appointed by the largest shareholder by voting entitlement shall be appointed Chair of the Nomination Committee, unless the Nomination Committee decides otherwise. The Nomination Committee exercises its mandate until the appointment of a new Nomination Committee.

Should a significant change take place in the ownership structure after the Nomination Committee has been constituted and more than two months before the Annual General Meeting and a major new owner expresses a wish to participate in the work of the committee, the composition of the Nomination Committee shall be altered to accord with the principles specified above. This shall be done either by

replacing the committee member who has been appointed by the smallest shareholder by voting entitlement, or by expanding the Nomination Committee with an additional member. Shareholders who acquire sufficient shares to qualify as one of the three largest shareholders by voting entitlement within the two months preceding the annual general meeting shall have the right to appoint a co-opted representative on the Nomination Committee.

Shareholders who have appointed a member of the Nomination Committee have the right to appoint a new member of the Nomination Committee in his/her place.

The Nomination Committee shall submit proposals to the Annual General Meeting on:

- the election of chairperson of the annual general meeting,
- the election of a Chairman of the Board and other members of the Board,
- the allocation of Directors' fees between the Chairman of the Board and other members, and any remuneration for committee work,
- election and remuneration of Auditors and Deputy Auditors (if any), and
- resolution regarding the principles for the appointment of the Nomination Committee.

The Nomination Committee shall have the right to charge the Company for expenses such as those incurred in conjunction with the use of recruitment consultants, whose assistance may be required to enable the Nomination Committee to execute its duties properly. No fees are payable to members of the Nomination Committee.

---

Stockholm, March 2018

Nomination committee ÅF AB (publ)

*This English version is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.*