

## **The Nomination Committee's reasoned statement**

The Nomination Committee ahead of the 2016 Annual General Meeting has comprised Jan Andersson, Chairman of the Nomination Committee (who has been asked by Ratos's main owners and a few other larger institutional owners to continue as Chairman of the Nomination Committee to strengthen continuity), Ulf Fahlgren (representing Akademiinvest), Arne Karlsson (Chairman of Ratos's Board), Jan Söderberg (representing his own and related parties' holdings), Maria Söderberg (nominated by the Torsten Söderberg Foundation) and Per-Olof Söderberg (representing his own and related parties' holdings). Combined, the members of the Nomination Committee represent 59 % of the votes in Ratos.

Ahead of the 2016 Annual General Meeting, the Nomination Committee held four minuted meetings and has had extensive contact in between. In its work, the Nomination Committee has taken note of the evaluation of the Board's work performed by an external consultant. The conclusion of this evaluation is that the Board functions well and that its members represent a diverse and complementary range of experience that is relevant for Ratos's development.

In its work, the Nomination Committee has also taken note of the presentations by the Chairman of the Board and the CEO of the company's operations, goals and strategies. Proposed fees to the members of the Board, as well as compensation for committee work, have been prepared by Jan Andersson, Ulf Fahlgren and Maria Söderberg – i.e. the three members of the Nomination Committee who are not members of the Ratos Board.

Shareholders have been informed that proposals for members of the Board can be submitted to the Nomination Committee. No such proposal had been presented when the Nomination Committee concluded its work ahead of the 2016 Annual General Meeting.

**Election of Board members.** Already in connection with the formation of the Nomination Committee, Chairman of the Board Arne Karlsson announced that he wished to step down from his position at the 2016 Annual General Meeting, provided that the Nomination Committee can agree on a successor. Also Board member Staffan Bohman has also announced that he has declined re-election at the 2016 Annual General Meeting.

Ratos is an investment company that invests in large and medium-sized companies, primarily in the Nordic region. This means, for example, that strict requirements are placed on members of the Board being able to evaluate opportunities to acquire and divest companies as well as having experience of operating and developing medium-sized and large companies within different sectors and phases of development.

In the search for a new chairman, it has been important for the Nomination Committee to find an individual with good leadership qualities who has both a broad industrial background and documented ability to complete company acquisitions and to further develop operations. The Nomination Committee is of the opinion that Jonas Wiström has documented these abilities during his long-standing managerial career at ÅF documented these abilities. It is the assessment of the Nomination Committee that Jonas Wikström can devote the requisite time and commitment to the role of chairman.

The Nomination Committee noted in its presentation ahead of the 2015 Annual General Meeting that it had identified a suitable Board member, but that the nomination process had not been completed in sufficient time. Ahead of the 2016 Annual General Meeting, the

Nomination Committee was, however, able to complete the process and proposes that Ulla Litzén be elected Board member.

Ulla Litzén is one of Sweden's most experienced board members, with experience from many boards in various sectors. She has deep insight into and knowledge of both strategic and financial matters.

The Nomination Committee has continued to discuss requirements for diversity, in particular the requirement for an even gender balance on the Board. On the proposed Board, the proportion of women Board members will be 43 % and will thereby fulfil the requirements for an even gender distribution set by both the Swedish Corporate Governance Board and various government representatives. The Nomination Committee notes that the proposed Board also represents a good breadth in terms of age, industry experience and market expertise.

The Nomination Committee has therefore, for the period until the next Annual General Meeting has been held, decided to propose re-election of Board members Annette Sadolin, Karsten Slotte, Charlotte Strömberg, Jan Söderberg and Per-Olof Söderberg. The Nomination Committee further proposes the election of Ulla Litzén and Jonas Wiström as new members of the Board. Jonas Wiström is proposed as Chairman of the Board.

The requirement for the Board's independence is also assessed as having been met. It is the assessment of the Nomination Committee that Ulla Litzén, Annette Sadolin, Karsten Slotte, Charlotte Strömberg and Jonas Wiström are all to be considered independent from company management, the company and its major owners. Jan Söderberg and Per-Olof Söderberg are independent from the company and company management, but not in relation to the company's major shareholders.

**Compensation issues.** The Nomination Committee has been aware that compensation to the company's Board members has lagged behind the trend in director fees for listed companies of comparable size and complexity in recent years. This is a feature of the decisions, against the background of negative relative price development, to have allowed the levels of director fees to remain unchanged for several years. The large differences in director fees, compared with comparable companies, applies foremost to the Chairman's fee and remuneration for work in the Board's Audit Committee.

The Nomination Committee therefore proposes that the 2016 Annual General Meeting resolve on a relatively large increase of fees for the Chairman of the Board and fees of the members of the Audit Committee. The proposal is for a 15 % increase in total.

**Mandate for appointment to the Nomination Committee.** The resolutions at the Annual General Meetings regarding how future Nomination Committees are to be appointed have long been unchanged and have stipulated that the members of the Nomination Committee shall be appointed by the company's largest owners in terms of voting rights. However, to broaden the Nomination Committee beyond the sphere of main owners, the Nomination Committee has comprised three members elected by the main owners, two members appointed by the largest owners outside the sphere of main owners and the Board's Chairman.

In addition to certain editorial changes, the Nomination Committee proposes to the 2016 Annual General Meeting three changes in the mandate for appointments to the Nomination Committee:

- The number of Nomination Committee members is to be no fewer than five (formerly, no fewer than four) plus the Chairman of the Board.
- In terms of the main owners' election of members, these are to be based on the groupings of ownership made by Euroclear Sweden AB, which are presented in the annual report. The three groupings are at present the Torsten Söderberg Foundation, Ragnar Söderberg Foundation and the Söderberg family's holdings, individually and via companies.
- The proposal is that the resolution of the 2016 Annual General Meeting will apply until a different decision is made by future general meetings. Thus, the decision need not be made every year.

Stockholm, January 2016

*Nomination Committee*