

## **THE NOMINATING COMMITTEE'S PROPOSAL AND REASONED STATEMENT REGARDING THE DIRECTORS RECOMMENDED FOR THE BOARD OF ROTTNEROS AB**

### **Presentation of the work of the Nominating Committee**

The Nominating Committee of Rottneros AB ahead of the 2017 AGM has been appointed in accordance with the guidelines resolved by the 2016 AGM and consists of Olle Grundberg (Arctic Paper S.A), Stefan Sundh (PROAD AB) and Per Lundeen (Chair of the Board of Rottneros AB).

The Nominating Committee represents approximately 56.2 per cent of total the number of shares and votes of the company.

The Nominating Committee has ahead of the 2017 AGM held three recorded meetings in addition to further contacts between meetings. The Nominating Committee has for its work received an account of the evaluation of the Board and taken part of the Chairman's summary of the company's operations, objectives and strategies.

The shareholders have been informed that proposals on Board members may be submitted to the Nominating Committee. No such proposal had been made by the time the Nominating Committee completed its work ahead of the 2017 AGM.

### **Proposals from the Nominating Committee**

The Nominating Committee submits the following proposals to the 2017 AGM. The item numbering below relates to the agenda for the AGM.

#### ***Item 2 – Chair of the AGM***

The Nominating Committee nominates Attorney Ingrid Westin Wallinder, from Ramberg Advokater, to serve as Chair of the AGM.

#### ***Item 13 – Number of Board members and number of auditors***

The Nominating Committee proposes that the number of Board members elected by the general meeting shall be five, a reduction with one.

The company shall have a chartered auditing firm as auditor.

#### ***Item 14 – Fees to the Board of Directors and the auditors***

The Nominating Committee proposes that fees to meeting-elected Directors whom are not employed by the company are paid with the following unchanged amounts: SEK 550,000 to the Chair of the Board and SEK 275,000 to each of the other Board members; furthermore, no fee shall be paid for committee work. Employee representatives shall receive a fee of SEK 27,500 per person for the time required to read materials ahead of meetings.

Auditors' fees shall be payable on approved account by the CEO.

The Nominating Committee furthermore propose that if it is possible from a tax perspective, and provided that it is cost neutral to the company, a Board member may invoice the fees for the Board work. If a Board member invoices the board fee through a company, the remuneration shall be increased to cover statutory social security contributions and value added tax.

#### ***Item 15 – Election of Board members and Chair of the Board***

The Nominating Committee proposes the re-election of Board members Marie S. Arwidson, Ulf Carlson, Per Lundeen, Roger Mattsson and Per Skoglund.

Board member Rune Ingvarsson has declined re-election.

Re-election of Per Lundeen as Chair of the Board.

## **Reasoned statement regarding the Directors recommended for the Board**

The Nominating Committee has discussed the requirements that will be imposed on the Board of Directors in the years to come, and has also considered the Board evaluation implemented. The Nominating Committee has considered the company's operations, phase of development and other circumstances, the diversity and breadth of the Board members' competence, experience and background, as well as considered the requirement for an equal gender balance. The Nominating Committee has furthermore discussed the above criteria from a diversity perspective and the requirement in the Swedish Corporate Governance Code to state how the diversity policy has been applied in the drafting of its proposal. In this respect, the Nominating Committee has chosen to use rule 4.1 of the Code as its diversity policy.

The Nominating Committee is of the opinion that the directors proposed for re-election have a solid and broad experience that makes them well suited to be a part of the company's Board. Continuity in the work of the Board is further of great importance to the company. Thus, the Nominating Committee has found no reason to elect an additional Board member to the Board, as it considers the proposed composition of five Board members, (i.e. a reduction with one), to be suitable for carrying out the Board's work. The Nominating Committee is therefore of the opinion that, in view of the company's operation, phase of development and other circumstances, the Board will have a suitable composition, characterized by diversity and breadth considering the skills, experience and background of the proposed Board members regarding, among other things, their industry- and market experience.

When assessing the independence of the proposed Board members, the Nominating Committee is of the opinion that the recommendation for the Board's composition meets the independence requirements set forth in the Swedish Corporate Governance Code. All of the proposed Board members are, except for Per Lundeen, to be considered as independent in relation to the company and its senior management. Furthermore, the composition of the Board of Directors is also considered to meet the requirement that at least two of the Board members, who are independent in relation to the company and senior management, are independent in relation to the company's major shareholders, as Marie S. Arvidsson and Ulf Carlsson are considered to be independent in relation to the company and senior management as well as to the company's major shareholders. Per Skoglund and Roger Mattsson are considered to be independent in relation to the company and senior management, but not independent in relation to the company's major shareholders. Per Lundeen is considered to be dependent in relation to the company and senior management as well as dependent in relation to the company's major shareholders.

### ***Item 16 – Election of auditor***

The Nominating Committee proposes re-election, in accordance with recommendation from the Audit Committee, of the chartered auditing firm Ernst & Young Aktiebolag as the company's auditor for the period extending from the end of the 2017 AGM until the end of the 2018 AGM. The auditing firm has informed the company that the Authorised Public Accountant Erik Sandström will be appointed as auditor in charge.

### ***Item 17 – Nominating Committee ahead of the 2018 AGM***

The Nominating Committee shall consist of the Chair of the Board and two additional members. The Chair of the Board shall not chair the Committee. One of these two members, in addition to the Chair of the Board, shall be elected by the company's largest shareholder and one shall be elected by one of the company's other four largest shareholders. Neither of these two members may also be a Board member. In the event that, during the Nominating Committee's mandate period, one or more shareholders that have appointed members of the Nominating Committee are no longer among the five largest shareholders in terms of the number of votes, the members appointed by these shareholders shall relinquish their positions and the shareholder(s) that have taken a position among the five largest shareholders in terms of number of votes shall have the right to appoint their own representatives or offer the shareholder who is next in line in terms of number of votes a place on the Nominating Committee, so that there are three Committee members. The Chair of the Board is responsible for ensuring that members are appointed as stated above. The names of the Nominating Committee members are to be presented no later than six months prior to the 2018 AGM. The Nominating Committee shall appoint a chair from within its ranks. The composition of the Nominating Committee at any given time shall be published on the company's website.

The Nominating Committee shall submit proposals on the following matters for decisions by the 2018 AGM:

1. the Chair of the general meeting;
2. the number of Board members;
3. the election of Board members;
4. the election of Chair of the Board;
5. board fees, including distribution between the Chair and other Board members as well as compensation for committee work;
6. fees for the auditors;
7. proposal for election of auditors; and
8. guidelines for the appointment of a new Nominating Committee.

### **Information about the Board members**

Information about Directors recommended for the Board are held available at the company's website.

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Stockholm, April 2017

Nominating Committee of Rottneros AB