

# **The Nomination Committee's reasoned statement on its proposal for members of the Board of Directors and report on how the Nomination Committee has conducted its work**

## **Nomination Committee composition**

The Nomination Committee ahead of the Annual General Meeting 2020 was established by the Chairman of the Board contacting the three largest shareholders on the last business day in September 2019 and offering them the opportunity to appoint one member each to the Nomination Committee.

The largest shareholder, Volito AB, whose shareholding on September 30, 2019 represented approximately 23 percent of the voting shares in the company declined to appoint a member as Chairman of the Board Ulf Liljedahl, who is also CEO of Volito AB is a member of the committee in his role as Chairman of the Board of Bulten. The Chairman is considered dependent to the company's largest shareholder.

Consequently, the sixth largest shareholder was offered to appoint a member of the committee, as the others had declined. Lannebo Fonder appointed Claes Murander, Investment AB Öresund appointed Time Floderus, and Spiltan Fonder AB appointed Pär Andersson as their member. The Nomination Committee members were announced on the website on October 23, 2019. No change in the composition of the committee has subsequently taken place. At the first meeting of the Nomination Committee, Tim Floderus was appointed chairman of the committee.

## **Report on the Nomination Committee's work ahead of the 2020 AGM**

The Nomination Committee has held 3 minuted meetings. Its members have also held regular contact and held additional dialogues by telephone between meetings.

The Nomination Committee has taken note of the Board's evaluation of its work, which shows a good result. The result of the evaluation has been presented in its entirety for the Nomination Committee and has thus been accounted for in a satisfactory manner.

The Chairman has informed the Nomination Committee of the diversity policy that applies to the company which corresponds with the Swedish Corporate Governance Code ("the Code") rule 4.1.

The Nomination Committee has dealt with all the issues that the committee shall examine according to the Code as outlined in below justification.

Furthermore, the Nomination Committee, with the aim for the company to fulfill its information obligations towards shareholders, has informed the company about the Nomination Committee's

work and how it has been conducted and on what proposals the Nomination Committee has decided to put forward.

## **Motivation of proposal of Board of Directors**

The Nomination Committee of Bulten AB (publ) motivates its proposal of Board of Directors as follows.

The Nomination Committee has in the assessment of appropriate size and appropriate composition of the Board considered the competence and experience of individual members and especially valued how the members complement each other and that the board jointly possesses the requisite width in both background and competence. The Nomination Committee has especially considered the demands that will be placed on the Board considering the Company's operations, development and other conditions and also taken into account the value of both continuity and renewal among the Board members. Even independent issues have been considered as the pursuit of gender balance and continued previously started change of generations. The Nomination Committee has therefore carried out a recruitment process in order to find candidates who can supplement the existing Board's composition in this regard. The Nomination Committee has identified suitable candidates who have also been noted to be available during the year process..

The committee has considered the results of the evaluation of the current Board of Directors and its work done and based on the information the Nomination Committee deems that the Board is functioning well and as a whole possesses broad competence and experience relevant to the Group operations and the different geographical markets they operate in.

In connection with the Annual General Meeting 2019, all of the six members were re-elected. The Nomination Committee has been informed that Anne-Lie Lind and Nicklas Paulson will reject re-election at the upcoming Annual General Meeting on April 23, 2020. Other members of the Board of Directors and the Chairman of the Board have declared themselves available for re-election to the Board and, in the opinion of the Nomination Committee, possess a solid competence and experience, which is why the Nomination Committee has proposed re-election of these Board members.

The Nomination Committee has considered it important to value the continuity of the Board. The Nomination Committee considered the appropriate size of the Board and considered that the number of Board members could be increased by one, but that it should be prepared before the next Annual General Meeting 2021.

In light of the above, the Nomination Committee has proposed that the number of Board members shall remain unchanged six and proposed re-election of Ulf Liljedahl, Hans Gustavsson, Hans Peter Havdal, and Peter Karlsten and new elect Christina Hallin and Karin Gunnarsson. Ulf Liljedahl has been proposed to the Chairman of the Board.

In conclusion, the proposed board is deemed to have the size, versatility and breadth of expertise, experience and background that are required and is appropriate with regard to the company's operations, development phase and other conditions. In its work, the Nomination Committee has

taken into account that an even gender distribution shall be sought in the Board, that the Board shall otherwise be characterized by diversity and breadth of competence, experience and background. The Nomination Committee has applied the Diversity Policy that applies to the company when preparing its proposal. It can be stated that the goal of a more even gender distribution has partly been met by the proposal but that the Nomination Committee intends to continue to work to achieve a more even gender distribution on the Board.

In order to assess whether the proposed directors are considered independent of the company and its management and major shareholders of Bulten, the Nomination Committee has obtained information about the proposed Board members. The Nomination Committee has determined that Ulf Liljedahl is to be considered as independent of the company and its management but not independent of the company's major shareholders. The other proposed directors are considered independent in relation to the company, management and major shareholders. Taking into account such a review, the Nomination Committee has proposed unchanged Board fees to the members of the Board, of which SEK 475,000 (475,000) shall be paid to the Chairman of the Board and SEK 315,000 (315,000) to each other members elected by the AGM who are not employees of the company or subsidiaries. The fee for the Audit Committee is proposed to be increased to SEK 100,000 (SEK 75,000) for the Chairman and to SEK 50,000 (SEK 25,000) for other members. Furthermore, the Nomination Committee proposes unchanged remuneration to the Remuneration Committee. This means SEK 65,000 to the Chairman of the Remuneration Committee and SEK 10,000 to the other members. No remuneration shall be paid to the Chairman of the Board as a member of the Remuneration Committee. The total fee is thus proposed to amount to SEK 2 325 000 (2 250 000).

In accordance with the Audit Committee's recommendation, the Nomination Committee has chosen to recommend the Annual General Meeting that the accounting firm PricewaterhouseCoopers AB as auditor for the ensuing term.

Moreover, the Nomination Committee has drawn up proposals for appointing a Nomination Committee ahead of the 2020 AGM, as well as instructions for such a Nomination Committee. The proposed principles are consistent with those applied in the past year. The Nomination Committee proposes no remuneration be paid to the committee members.

Shareholders have the opportunity to submit their proposals and views to the Committee until 14 February, 2020.

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March 2020

Nomination Committee for Bulten AB (publ)