

## **Appendix 1 to Paragraph 16 - Principles for the Nomination Committee's appointment and instructions for the Nomination Committee of Bulten AB (publ)**

### **1. Composition of the nomination committee etc.**

- 1.1 The nomination committee shall comprise four members: one representative for each of the three largest shareholders on the final banking day in September who wish to appoint a member and the Chairman of the Board. The three largest shareholders in these instructions are those registered and ownership-grouped by Euroclear Sweden AB on the last banking day in September.
- 1.2 As soon as possible after the details of the largest shareholders on the final banking day in September are known, the Chairman of the Board shall contact the three largest shareholders to find out whether they wish to appoint members of the nomination committee. If one or more of the three largest shareholders declines to appoint a member of the nomination committee, the Chairman of the Board shall offer other major shareholders the opportunity to appoint a member of the nomination committee. If such an offer is made, it must go to the largest shareholders in order (i.e. first to the fourth largest shareholder, then the fifth largest shareholder, and so on). This procedure shall continue until the nomination committee comprises four members including the Chairman of the Board.
- 1.3 Information in Euroclear Sweden AB's register on the final banking day in September regarding ownership conditions/ownership groups shall form the basis for establishing which shareholders are entitled to appoint a member of the nomination committee.
- 1.4 At its first meeting, the nomination committee shall itself appoint a chairman. The Chairman of the Board or any other Board Director may not be the chairman of the nomination committee.
- 1.5 The nomination committee's term shall run until such time as a new nomination committee has been elected.
- 1.6 If there is a shift in ownership among the largest shareholders and a shareholder not previously entitled to appoint a member of the nomination committee thereby becomes a larger shareholder than one or more of the shareholders who have already appointed a nomination committee member, ("a new major owner"), the nomination committee shall, if the new major owner makes a request to appoint a member of the nomination committee, decide that the nomination committee member who represents the smallest shareholding after the shift should be dismissed and replaced by the member appointed by the new major owner. Should a new major owner wish to appoint a member of the nomination committee, the new major owner should notify the chairman of the nomination committee. The notification should contain the name of the person the new major owner appoints as a member of the nomination committee.
- 1.7 A shareholder who has appointed a member of the nomination committee is entitled to dismiss said member and appoint a new one. Should such a replacement occur, the shareholder shall

without delay notify the chairman of the nomination committee (or, if it is the chairman of the nomination committee who is to be replaced, to the Chairman of the Board). The notification should contain the name of the dismissed person and the name of the person who will replace them as a member of the nomination committee.

- 1.8 If a member who represents a shareholder on the nomination committee should leave their assignment prematurely, the nomination committee shall without delay request that the shareholder who appointed the member appoint a new member. If no new member is appointed by the shareholder, the nomination committee shall offer other major shareholders the opportunity to appoint a member of the nomination committee. Such an offer shall be made to the largest shareholders in order (i.e. first to the largest shareholder who has not already appointed a member of the nomination committee or who has previously foregone that right, and then to the next largest shareholder who has not already appointed a member of the nomination committee or who has previously foregone that right, and so on). This procedure shall continue until the nomination committee is complete. A member who leaves their assignment prematurely shall notify the chairman of the nomination committee of this in advance (or, if it is the chairman of the nomination committee who is to be replaced, to the Chairman of the Board).
- 1.9 The nomination committee shall fulfill the requirements on composition outlined in the Swedish Code of Corporate Governance ("the Code"). If the major shareholders entitled to appoint members of the nomination committee wish to appoint persons who cause the requirements on nomination committee composition according to the Code not to be fulfilled, a larger shareholder shall take precedence for their preferred choice of member ahead of a smaller shareholder on appointing a member based on the regulation set out in point 1.2 above. On appointing a new member according to the regulations set out in points 1.6-1.8 above, the shareholder appointing a new member shall, on appointing a new member, take into account the composition of the existing nomination committee.

## **2. Tasks**

### **2.1 The nomination committee shall submit proposals regarding:**

- (a) the chairman of the AGM,
- (b) the number of Board members elected by the AGM,
- (c) a Chairman and other Board Directors elected by the AGM,
- (d) fees and other remuneration for each of the Board Directors elected by the AGM and for members of Board committees,
- (e) the number of auditors (where applicable),
- (f) the auditors (where applicable),
- (g) the fee for auditors (where applicable),
- (h) election of a nomination committee, or alternatively a decision on principles for appointing a nomination committee, as well as instructions for the nomination committee, and
- (i) remuneration to the members of the nomination committee.

- 2.2 On preparing its proposal regarding the Board of Directors, the nomination committee shall take part in the Board's evaluation of its work and take into account the requirements on board composition in the Swedish Companies Act and the Nasdaq Stockholm Rule Book for Issuers. The nomination committee should also consider the requirements of the Code on the size and composition of the Board and consider in particular the requirement for diversity and width of the board and the requirement to achieve an equal gender balance.
- 2.3 On preparing its proposal regarding auditors, the nomination committee shall take into account the requirements on auditors in the Swedish Companies Act.
- 2.4 On preparing its proposal for a decision on a nomination committee, or alternatively a decision on principles for appointing a nomination committee and instructions for the nomination committee, the nomination committee should take into account the requirements which the Code stipulates for such a decision. Moreover, the requirements on the nomination committee's composition set out in the Code should also be considered.
- 2.5 Should the nomination committee's proposal entail a deviation from the Code, the nomination committee should provide the Company with an explanation for the deviation when it submits its proposal.
- 2.6 The nomination committee shall, when informing the Company of its proposals, provide the Company with a motivating statement regarding its Board proposal, taking into account the provisions regarding Board composition in the Code. The statement shall also include a short description of how the work of the committee has been managed.
- 2.7 The nomination committee shall provide the Company with the information relating to its assignment which is necessary for the Company to fulfill its information obligation according to the Code.
- 2.8 At least one member of the nomination committee must be present at the AGM. At a general meeting of shareholders where Board Directors or auditors are to be elected, the nomination committee shall provide a report on how its work has been carried out and present and justify its proposals.

### **3. Meetings**

- 3.1 The nomination committee shall meet as often as necessary for the nomination committee to be able to fulfill its duties. The Chairman of the Board shall issue the notice for the nomination com-

mittee to attend its first meeting. Notices to attend other meetings shall be issued by the chairman of the nomination committee. Should a member request that a meeting of the nomination committee be called, that request shall be complied with.

- 3.2 The nomination committee shall be quorate provided more than half the members are present. However, decisions on issues may not be made unless all the members have been given the opportunity to discuss those issues.
- 3.3 On electing a chairman for the nomination committee, the chairman shall be the member with the most votes. If the number of votes is equal, a chairman shall be chosen by drawing lots.
- 3.4 A decision by the nomination committee refers to the opinion voted for by more than half of the members, or if the number of votes is equal, the opinion voted for by the chairman of the nomination committee.
- 3.5 At the nomination committee's meetings, minutes shall be kept, and shall be signed and checked by the chairman of the nomination committee and the member appointed by the nomination committee. The minutes shall be kept and archived in keeping with standard practice for Board minutes.

#### **4. Confidentiality**

- 4.1 Members of the nomination committee are bound by a duty of confidentiality with regard to the Company's affairs, and at the request of the Company this duty shall be confirmed by the member by signing a separate confidentiality agreement between the member and the Company.

#### **5. Fees and reimbursement**

- 5.1 A fee may be payable to the members of the nomination committee should the AGM so resolve.
- 5.2 Members of the nomination committee are entitled to reimbursement from the company for demonstrable reasonable costs for completion of committee business, such as costs for recruitment services for instance.
- 5.3 In connection with the report on its work at the AGM, the nomination committee shall specify any reimbursements made according to point 5.2 above.

---

March 2018

Nomination Committee of Bulten AB (publ)