

*This is a non-official translation of the Swedish original. In case of differences between this translation and the original, the Swedish text shall prevail.*

## **Statement by the Nomination Committee of Ferronordic Machines AB regarding its work and the Board of Directors proposed for approval at the 2018 Annual General Meeting**

### **Composition and assignment**

In accordance with the principles established by the 2017 annual general meeting (AGM), the chairman of the Board contacted the four largest shareholders and asked them to appoint their representatives for the Nomination Committee. Following this procedure, the following members were appointed to the Nomination Committee: Rune Andersson (Mellby Gård AB), Håkan Eriksson (Skandinavkonsult i Stockholm AB), Per-Olof Eriksson (representing shareholders who are Board members Group employees) and John Hedberg (Creades AB). Håkan Eriksson, as representative of the company's largest shareholder, was appointed chairman.

The assignment of the Nomination Committee includes evaluating the composition and work of the Board and preparing proposals for the 2018 AGM concerning:

- the chairman at the AGM
- the number of Board members
- Board members and chairman of the Board
- fees to the Board
- fees for committee work
- fees to the company's auditor
- principals for appointment of Nomination Committee members

### **Work**

The Nomination Committee held two meetings where minutes were taken, and had further informal contacts by email and telephone to prepare its proposals. The outcome of the evaluation of the Board members has been shared with the Nomination Committee. Parts of the Nomination Committee has also met with the current Board members.

### **Proposal for Board of Directors**

The Board currently consists of six members. The Nomination Committee finds this to be a good number considering the size of the business and the complexity of the company. The Nomination Committee thus proposes that the number of Board members remain six.

Further, the Nomination Committee is of the opinion that the Board is functioning well and that the members have the required competence and experience for their tasks. The Nomination Committee thus proposes re-election of Annette Brodin Rampe, Magnus Brännström, Lars Corneliusson, Erik Eberhardson, Håkan Eriksson and Staffan Jufors.

### **Independence of proposed members**

The Nomination Committee has considered the independence of the proposed members and has found that all members except Lars Corneliusson and Erik Eberhardson are independent of the company and its management, and that all proposed members except Håkan Eriksson are independent of the larger shareholders.

### **Remuneration**

Based on a comparison with publicly traded companies of comparable size and complexity, the Nomination Committee suggests that the remuneration to the Board remains unchanged. Thus, it is proposed that the remuneration to the chairman of the Board shall be SEK 600,000, and the remuneration to the other Board members not employed by the company shall be SEK 300,000. No remuneration shall be paid to Lars Corneliusson who is employed by the group (it was noted, however, that Erik Eberhardson is no longer employed by the group and that remuneration thus shall be paid to him). No additional remuneration shall be paid for work for the Board's committees.

### **Proposals from shareholders**

The shareholders have on the company's website been informed of the possibility to submit proposals to the Nomination Committee. One proposal was submitted and taken into consideration as regards the proposal for Board members.

Stockholm in March 2018

The Nomination Committee of Ferronordic Machines AB (publ)