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## **Statement by the Nomination Committee of Ferronordic Machines AB relating to its work and the Board of Directors proposed for approval at the 2015 Annual General Meeting**

### **Composition and assignment**

In accordance with the principles adopted by the annual general meeting on 20 May 2014, in connection with the end of the third quarter 2014 the chairman of the Board contacted the four largest shareholders and asked them to appoint their representatives for the Nomination Committee. Shareholders who are Board members and/or employees of the group were in this respect regarded as one shareholder. Following this procedure the following members were appointed to the Nomination Committee: Rune Andersson (Mellby Gård AB), Mikael Brantberg (Russian CE Distribution Investors AB), Per-Olof Eriksson (representing shareholders who are Board members and/or employees of the group) and Daniel Nyhrén (Creades AB). At its first meeting the Nomination Committee appointed Mikael Brantberg as chairman.

The assignment of the Nomination Committee included evaluating the composition and work of the Board and preparing proposals for the annual general meeting in 2015 (AGM 2015) in respect of:

- chairman at the AGM 2015
- number of Board members
- Board members and chairman of the Board
- fees to the Board, allocated between the chairman, vice-chairman and other Board members,
- fees for committee work
- fees to the company's auditor
- principals for appointment of Nomination Committee members

### **Work**

The Nomination Committee has held one meeting and has had further contacts in order to prepare the proposals for the AGM 2015. The outcome of the evaluation of the Board members has also been shared with the Nomination Committee and the Nomination Committee has met with the current Board members.

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

The evaluation of the Board and its work confirms that the Board is well-functioning and that the members deem themselves to have adequate competence and experience for their task. The Nomination Committee has considered the number of members best suited to contribute to an effective and well-functioning Board work. Since the annual general meeting 2011 until 30 September 2014, the Board consisted of eight members elected by the general meeting. On 30 September 2014 one of the Board members resigned and since then the Board has consisted of seven members. The Nomination Committee finds this reduced number of Board members to be appropriate.

Based on the company's current position and challenges in a mid-term perspective, the Nomination Committee is of the opinion that the existing seven members possess the required competences and experiences for continued assignment, as concerns inter alia the industry and sufficient industrial, financial and strategic knowledge. The Nomination Committee therefore proposes re-election of Magnus Brännström, Lars Corneliusson, Erik Eberhardson, Per-Olof Eriksson, Marika Fredriksson, Martin Leach and Kristian Terling. The Nomination Committee also proposes re-election of Per-Olof Eriksson as chairman of the Board.

According to the Nomination Committee's proposal the Board will continue to include two members of the company's executive management, i.e. Lars Corneliusson and Erik Eberhardson. Although this deviates from the Swedish Code of Corporate Governance, the Nomination Committee finds it justified and appropriate given that both Lars Corneliusson and Erik Eberhardson have unique competence and experience of both the construction equipment industry and the Russian market. Both are also large shareholders in the company.

### **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 Lars Corneliusson and Erik Eberhardson are independent of larger shareholders.

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### **Remuneration**

Based on a comparison between Ferronordic Machines and publicly traded companies of comparable size and complexity, the Nomination Committee suggests that the remuneration to the Board remains unchanged. In accordance herewith it is proposed that the fee to the chairman of the Board shall be SEK 600 000, the fee to the vice chairman of the Board shall be SEK 500,000, and the fee to the Board members not employed by the company shall be SEK 300 000. No fee shall be paid to Board members employed by the group. No additional fee shall be paid for work for the Board's audit committee or remuneration committee.

### **Proposals from shareholders**

The shareholders have on the company's website been informed of the possibility to submit proposals to the Nomination Committee. No proposals have been submitted.

Stockholm in April 2015

The Nomination Committee of Ferronordic Machines AB (publ)