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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 2014 Annual General Meeting

Composition and assignment

At the annual general meeting on 20 May 2013, Rune Andersson (Mellby Gård AB), Mikael Brantberg (Russian CE Distribution Investors AB) and Stefan Charette (Creades AB) were elected members of the Nomination Committee. 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 2014 (AGM 2014) in respect of:

- chairman at the AGM 2014
- 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
- appointment or principals for appointment of Nomination Committee members
- the Board's warrants program

Work

The Nomination Committee has held one meeting and has had further contacts in order to prepare the proposals for the AGM 2014. 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 the Board consists of eight members elected by the annual general meeting. This is deemed to be an appropriate number of members.

Based on the company's current position and challenges in a mid-term perspective, the Nomination Committee is of the opinion that the existing eight 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, Tom Jörning, 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. Although this deviates from the Swedish Corporate Governance Code, the Nomination Committee finds it justified and appropriate given that both of the two proposed Board members possess unique competence and experience of the industry and market where company operates, and the fact both of the proposed Board members are founders of the company and larger shareholders.

Independence of proposed members

The Nomination Committee has considered the independence of the proposed members and has found that all members with the exception of 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.

Remuneration

Based on a comparison between Ferronordic Machines and publicly traded companies of comparable size and complexity, the Nomination Committee suggests an adjustment of the remuneration. In accordance herewith it is

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proposed that the fee to the chairman of the Board is increased to SEK 600 000, the fee to the vice chairman of the Board is increased to SEK 500,000, and the fee to the Board members not employed by the company is increased to SEK 300 000. No fee shall be paid to Board members employed by the Company or its subsidiaries. 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 2014

The Nomination Committee of Ferronordic Machines AB (publ)