

The Nomination Committee's proposals to the 2018 Annual General Meeting of Byggmax Group AB (publ), corporate registration number 556656-3531

Background

In accordance with *Byggmax's* instruction for the Nomination Committee, the three largest shareholders who accepted the invitation to appoint members of *Byggmax's* Nomination Committee have appointed the aforesaid members to comprise, together with the Chairman of the Board, the Nomination Committee of the company. The Nomination Committee comprises Lennart Francke (Chairman), *Swedbank Robur fonder*; Anders Algotsson, *Afa Försäkring*; Erik Durhan, *Nordea Funds*; and Anders Moberg, Chairman of the Board of *Byggmax*.

The Nomination Committee has been tasked with preparing proposals for the Annual General Meeting on the following items:

- the election of the Chairman of the Annual General Meeting;
- the number of Board members;
- the election of the Chairman of the Board of Directors and other Board members on the Company's Board of Directors;
- the fees for Board members;
- the election of the auditor;
- the fees to the auditor; and
- resolutions on principles regulating the appointment of the Nomination Committee.

The Nomination Committee's proposals

1. Chairman of the Board Anders Moberg is proposed as Chairman of the Annual General Meeting
2. The composition of the Board remains unchanged with seven members and no deputies Furthermore, the Committee proposes that the number of auditors remains unchanged at one auditor with no deputy.

Re-election of the following Board members: Ullrika Eliasson, Hannele Kemppainen, Anders Moberg, Daniel Mühlbach, Mikael Norman and Lottie Svedenstedt. Karin Hygrell-Jonsson has declined re-election. Per Strömberg is proposed for election as a new Board member. The Nomination Committee also proposes that Anders Moberg be re-elected as Chairman of the Board.

3. The Nomination Committee proposes that the directors' fees remain unchanged, namely SEK 600,000 to the Chairman of the Board and SEK 285,000 to each of the other Board members. For the newly established Audit Committee, fees are proposed of SEK 100,000 to the Chairman and SEK 40,000 to each of the two other members.

4. The Nomination Committee proposes, in accordance with the recommendation of the Board, the re-election of the registered accounting firm Öhrlings PricewaterhouseCoopers AB as the Company's auditor. *PwC* has notified that Authorized Public Accountant Ann-Christin Hägglund will continue to serve as the Auditor in Charge.
5. Fees to auditors are payable against approved invoices.
6. No changes are proposed for *Byggmax's* Nomination Committee instruction with one exception, namely that the instruction will apply until further notice. In other words, it will not be addressed by future AGMs unless there is a proposed change to the instruction. The following instruction is proposed:

Annually and not later than the end of the third quarter every year, the Chairman of the Board of Directors convenes the three largest shareholders or shareholder groups (this includes directly registered and trustee-registered shareholders) in the Company, as registered at August 31 according to Euroclear Sweden AB, which are then each entitled to appoint one member of the Nomination Committee. The appointee in question should not be a Board member. If any of the three largest shareholders wishes to refrain from a place on the Committee, the place on the Committee is offered in turn to the next-largest shareholder. In addition to the above, the Chairman of the Board is to be a member of the Nomination Committee. If any shareholder should waive their right to appoint a member of the Nomination Committee, only the five largest shareholders need to be asked unless this would result in the Nomination Committee consisting of less than its minimum of three members (including the Chairman of the Board of Directors). The President and senior executives of the Company are not permitted to be members of the Nomination Committee.

The Chairman of the Board is the convener of the first meeting of the Nomination Committee. Unless otherwise decided by the Committee, the member representing the largest shareholder should be appointed Chairman of the Nomination Committee. The Nomination Committee prepares written rules of procedure to govern its work. The mandate period of the Committee extends until such time as a new Nomination Committee has been appointed.

The composition of the Nomination Committee will be published not later than six months prior to the AGM, thereby providing all shareholders with information regarding which individuals to contact regarding nomination issues.

If shareholders have been added among the three largest shareholders after the Nomination Committee has held its statutory meeting, said shareholders may contact the Chairman of the Nomination Committee to make a request to appoint a member of the Committee. The Chairman of the Nomination Committee then informs the other members of this wish. If the ownership change is not insignificant, the member appointed by the shareholder that is no longer among the three largest shareholders should vacate his position and the new shareholder can then be permitted to appoint a member. However, the structure of the Nomination Committee should not be changed less than two months prior to the AGM. If a member leaves the Nomination Committee prior to completion of the Committee's work, the Nomination Committee is to invite the shareholder who appointed the departing member to appoint a new member. In the event that no new member is appointed by the shareholder who appointed the departing member and if the Committee finds it necessary to replace this member, a new member should be appointed in accordance with the principles set out in item

1 above, based on the share register maintained by *Euroclear Sweden AB*, as soon as possible after the member has left the Committee. Changes in the Nomination Committee are announced immediately.

The Nomination Committee should prepare and submit proposals to the General Meeting in respect of:

- the election of the Chairman of the Annual General Meeting;
- the number of Board members;
- the election of the Chairman of the Board of Directors and other Board members on the Company's Board of Directors;
- directors' fees specified between the Chairman of the Board of Directors and other Board members;
- the election of and approval of fees to the auditor and deputy auditor (where applicable); and
- resolutions on policies regulating the appointment of the Nomination Committee (where applicable).

No fees are payable to members of the Nomination Committee. The Nomination Committee is entitled to charge the Company with expenses including the cost of recruitment consultants or other expenses required for the Nomination Committee to fully execute its assignment.

The above principles for the appointment of the Nomination Committee apply until the Annual General Meeting decides on a change to them. It is the responsibility of the Nomination Committee, prior to the AGM, to determine whether the Nomination Committee finds it necessary to propose any change to the principles in question and in this event, to submit a motion to the AGM in accordance with paragraph five above.

The work and motivated statements of the Nomination Committee

The Nomination Committee held four minuted meetings as well as detailed telephone discussions and e-mail correspondence as part of preparing proposals for the 2018 AGM. The independent members of the Nomination Committee have also interviewed the Board members and met with *Byggmax's* CEO to review the company's operations. The Nomination Committee has received the Board evaluation that was completed by the recruitment agency *Alumni*. The same firm has also participated in identifying suitable new Board members. The Nomination Committee has interviewed several candidates before taking a decision on the composition of the Board.

The Committee has benchmarked the level of the fees to members of the Board and its committees against those of similar companies in terms of sector and size. Based on the above, the Nomination Committee proposes unchanged fees to the Chairman and members of the Board. The Board has however informed the Nomination Committee of its intent to establish an audit committee and therefore, the Committee proposes that the AGM resolve on fees of SEK 100,000 to the Chairman of the Audit Committee, and of SEK 40,000 each to two committee members. Altogether, the Nomination Committee's proposal means that total remuneration to the Board will amount to SEK 2,490,000 (2,310,000).

The Nomination Committee proposes that the number of Board members remains seven. **Per Strömberg** is proposed by the Nomination Committee as a new member of the Board. Since

2012, Per has been the CEO of the *ICA Group*; prior to that he was CEO of *Lantmännen* (2007–2012) and of *Sardus* (2006–2007), as well as the CEO of *Kraft Foods Sweden* (2003–2006). Per's is also a Board member of *Consumer Goods Forum* and *Childhood Foundation*, as well as being an industrial adviser for *Segulah*.

Information about all of the proposed Board members is available on the Company's website www.byggmax.se.

The assessment of the Nomination Committee is that Board work at *Byggmax* functions well. At the same time, the proposed change in the Board's composition will also ensure adequacy and appropriateness of Board work moving forward. The composition of the proposed Board is highly appropriate given the needs and challenges of the company, and each of the members can contribute relevant experience and competence. The Nomination Committee is of the opinion that the proposed Board has the requisite versatility and breadth as well as the competence and experience needed for *Byggmax's* operations, given the company's stage of development and other circumstances. The Board is also well qualified to ensure that *Byggmax's* operations are conducted in a sustainable manner. All of the Board members meet the requirements for being a board member of a listed company.

As its diversity policy, the Nomination Committee has used rule 4.1 under the Swedish Corporate Governance Code when preparing its proposal for the Board's composition. The Nomination Committee's proposal to the AGM means, inter alia, that three of the Board's seven members are women, corresponding to 43 percent.

All of the Board members are deemed independent in relation to the Company and its management and independent in relation to the Company's major shareholders.

The Nomination Committee proposes, in accordance with the recommendation of the Board, the re-election of the registered accounting firm *PwC* as the *Byggmax's* auditor. In the absence of an audit committee, the recommendation has been submitted by the Board.