

## Proposals and Statement by the Nomination Committee of Arjo AB in respect of the Annual General Meeting 2019

### 1. Background

At the Annual General Meeting 2018, it was resolved on an instruction for the Nomination Committee, to apply until further notice, entailing that the Nomination Committee is to comprise the Chairman of the Board, who shall also convene the first meeting of the Nomination Committee, the three largest shareholders in terms of number of votes registered in the shareholder's register maintained by Euroclear as per August 31 the year prior to the Annual General Meeting, and one representative for the minor shareholders.

The Nomination Committee in respect of the 2019 Annual General Meeting has comprised Carl Bennet (*Chairman of the Committee; Carl Bennet AB*), Per Colleen (*Fjärde AP-fonden*), Marianne Nilsson (*Swedbank Robur Fonder*), Maria De Geer as representative for the minor shareholders and the Chairman of the Board of Directors Johan Malmquist.

In accordance with a resolution at Arjo's Annual General Meeting 2018, the Nomination Committee shall propose the following: chairman at the general meeting, board of directors, chairman of the board of directors, auditor, remuneration to the board of directors divided between the chairman and the other directors, as well as remuneration for committee work and remuneration to the company's auditor.

### 2. Proposals by the Nomination Committee

The Nomination Committee makes the following proposals in respect of the 2019 Annual General Meeting:

**Chairman of the Annual General Meeting:** The Chairman of the Board, Johan Malmquist, shall be elected chairman of the Meeting.

**Board of Directors:** The number of Board members elected by the General Meeting shall be seven, without deputy members. Johan Malmquist, Carl Bennet, Eva Elmstedt, Ulf Grunander, Carola Lemne and Joacim Lindoff shall be re-elected as Board members and Dan Frohm shall be elected as new Board member. Johan Malmquist shall be re-elected as Chairman of the Board.

For further information about Dan Frohm, please see [Appendix A](#). Information about all members proposed for re-election is available on the company's website, [www.arjo.com](http://www.arjo.com).

**Board and Committee fees:** Board fees, excluding remuneration for Committee work, shall be paid in a total of SEK 4,330,000, of which SEK 1,380,000 (1,150,000) to the Chairman and SEK 590,000 (575,000) to each of the other Board members elected by the General Meeting who are

not employees of the Group. Work in the Audit Committee shall be compensated with SEK 246,000 (240,000) to the Chairman and SEK 123,000 (120,000) to each of the other members, and work in the Remuneration Committee shall be compensated with SEK 128,000 (125,000) to the Chairman and SEK 94,000 (92,000) to each of the other members.

**Auditor:** The registered auditing company Öhrlings PricewaterhouseCoopers AB shall be re-elected as auditor for the period until the end of the 2020 Annual General Meeting in accordance with the Audit Committee's recommendation. If elected, Öhrlings PricewaterhouseCoopers AB has informed that Magnus Wilfors will be auditor-in-charge. Fees to the auditor shall be paid in accordance with approved invoices.

### **3. Statement by the Nomination Committee on the proposed Board of Directors**

Ahead of the 2019 Annual General Meeting, the Nomination Committee has held two meetings at which minutes were kept. As a basis for its work, the Nomination Committee has reviewed the annual accounts for the company's operations in 2018. Further, the Nomination Committee has reviewed nomination proposals received and the evaluation made by the Board and its work. The evaluation revealed that the current Board members represent a broad spectrum of expertise with sound industry knowledge and extensive financial know-how with regard to international conditions and markets. The evaluation also showed that the attendance rate at Board meetings was high and that all Board members demonstrated a high level of commitment.

Based on the results of the evaluation reviewed by the Nomination Committee, the demands placed on the Board as a result of Arjo's position and future focus, and the importance of continuity, knowledge and industry expertise in the Board of Director's work, the Nomination Committee proposes that the number of Board members elected by the General Meeting shall be seven and that Johan Malmquist (Chairman of the Board), Carl Bennet, Eva Elmstedt, Ulf Grunander, Carola Lemne and Joacim Lindoff shall be re-elected as Board members and that Dan Frohm shall be elected as new Board member. The Nomination Committee's assessment is that Dan Frohm, with his significant experience from advising global technology companies within strategical and operative changes, will contribute with valuable knowledge and experience to the Board and that he is very well suited for the position as Board member of Arjo.

The Nomination Committee applies rule 4.1 of the Swedish Code of Corporate Governance (the "**Code**") as diversity policy in the development of the proposal to the Board and is of the opinion that the proposal entails a Board composition that will continue to be appropriate to the company's operations, phase of development and other relevant circumstances as well as exhibit diversity and breadth of qualifications, experience and background, as set out in rule 4.1 of the Code.

The Nomination Committee strives for equal gender distribution on the Board, which are given specific attention in relation to election of new board members. The proposed Board members comprise two women and four men (equivalent to approximately 28.6 and 71.4 per cent, respectively). As per 15 June 2018, the percentage of women on all Swedish listed company boards amounted to 34.3 per cent (39.0 per cent in the so-called Large Cap companies).<sup>1</sup> In April 2014, the Swedish Corporate Governance Board published certain aspiration levels concerning gender distribution in the boards of listed companies, namely at least 40 per cent of each gender after General Meetings held in 2020 and at least 35 per cent of each gender in major companies after the General Meetings in 2017 (in both cases exclusively of employee representatives). The percentage level of women in the Board of Arjo, as proposed by the Nomination Committee, is thus lower than the abovementioned aspiration levels and the Nomination Committee wants to emphasize the importance that future Nomination Committees continue to work actively towards achieving a more even gender distribution among the Board members.

In addition, the Nomination Committee has assessed the independence of the Board members. It is the Nomination Committee's opinion that its proposal for Board members meets the Code's independence requirement. The Nomination Committee deems that Johan Malmquist, Ulf Grunander and Joacim Lindoff are to be regarded as dependent in relation to the company and the executive management, and that Carl Bennet and Dan Frohm are to be regarded as dependent in relation to major shareholders. The Nomination Committee deems the other proposed Board members – Eva Elmstedt and Carola Lemne – to be independent in relation to the company and the executive management as well as the major shareholders.

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Malmö in March 2019

**The Nomination Committee of Arjo AB (publ)**

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<sup>1</sup> Statistics compiled by SIS Ägarservice on behalf of the Swedish Corporate Governance Board (refers to board members elected at General Meetings).

## Dan Frohm (born 1981)

<b>Principal education:</b>	M.Sc. in Industrial Engineering and Management from Linköping University.
<b>Work experience and on-going assignments:</b>	Dan Frohm is an experienced advisor for global technology companies on a variety of strategic and operational improvement topics and has previously worked as Senior Manager and Practice Head of Technology, Media and Telecom (TMT) at the management consultancy Applied Value LLC based in New York. Dan Frohm currently serves as board member of Getinge AB (publ), Carl Bennet AB and Elanders AB (publ) and is the CEO of DF Advisory LLC. Dan Frohm holds 153,849 shares in Arjo.
<b>Holding in Arjo:</b>	153,849 shares

*The Nomination Committee deems that Dan Frohm to be regarded independent in relation to the company and its executive management, but not in relation to Arjo's major shareholders.*