

## Documentation of Scandic's nomination committee ahead of the annual general meeting 2017

A nomination committee has been appointed consisting of the chairman of the Board of Directors and the three largest shareholders. The composition of the nomination committee was published on 11 October 2016 and the members are:

- Vagn Sørensen, chairman of the Board of Directors
- Stephan Leithner (Sunstorm Holding, a company controlled by EQT V Limited, governed by EQT Partners, with Accent Equity 2003 fund as co-investors).
- Joel Lindeman (Provobis through Novobis)
- Lars-Åke Bokenberger (AMF)

At the extraordinary general meeting on 15 September 2015, it was resolved that the company shall have a nomination committee consisting of the chairman of the Board of Directors and one representative of each of the three largest shareholders in terms of votes based on shareholder statistics from Euroclear Sweden AB as per the last bank day in August each year. The nomination committee shall remain in office until a new nomination committee has been appointed. The names of the three shareholder representatives and the names of the shareholders they represent shall be announced no later than six months prior to the annual general meeting. Unless the members agree otherwise, the chairman of the nomination committee shall be the member who represents the shareholder controlling the largest number of votes.

The nomination committee was appointed and has worked in alignment with the nomination committee instructions. The first meeting was held on 21 October 2016, and Joel Lindeman was then appointed chairman of the nomination committee. The nomination committee has in total held four documented meetings with continuous contact between the meetings. These meetings have mainly been devoted to evaluation of the Board of Directors' work, assessment of fees and proposed composition of the Board of Directors.

### Proposal by the nomination committee

#### ***Proposal by the nomination committee regarding election of chairman of the annual general meeting***

The nomination committee proposes that attorney at law Andreas Steen, Mannheimer Swartling, be elected chairman of the annual general meeting.

#### ***Proposal by the nomination committee regarding the number of Board members, deputy Board members, auditors and deputy auditors to be elected at the annual general meeting***

The nomination committee proposes that the number of Board members shall be nine members and no deputies and that the number of auditors shall be one auditor and no deputies.

#### ***Proposal by the nomination committee regarding election of members and chairman of the Board of Directors***

As to the election of members of the Board of Directors at the annual general meeting, the nomination committee proposes, for a period until the end of the next annual general meeting:

- Re-election of Ingall Berglund, Per G. Braathen, Grant Hearn, Lottie Knutson, Christoffer Lundström, Eva Moen Adolfsson, Vagn Sørensen and Fredrik Wirdenius.
- Election of Martin Svalstedt as a new member of the Board of Directors
- Re-election of Vagn Sørensen as chairman of the Board of Directors

Albert Gustafsson, Stephan Leithner and Niklas Sloutski have informed the nomination committee that they are not available for re-election.

Information regarding the nomination committee's reasoned statement follows below.

#### ***Proposal by the nomination committee regarding fees to the Board of Directors***

Regarding fees to the Board of Directors, the nomination committee proposes a change for certain roles within the Board of Directors, in accordance with the proposal below:

- Chairman of the Board of Directors: SEK 720,000 (SEK 700,000)
- Vice chairman of the Board of Directors: SEK 500,000 (to the extent a vice chairman is appointed by the Board of Directors)
- Other Board members: SEK 330,000 each (SEK 320,000)
- Chairman of the audit committee: SEK 150,000 (unchanged)
- Chairman of the remuneration committee: SEK 100,000 (unchanged)
- Members of the audit committee and the remuneration committee: SEK 50,000 each (unchanged)

The reasons for the proposal by the nomination committee follow below.

### ***Proposal by the nomination committee regarding election of auditor and fee to the auditor***

The nomination committee proposes, in accordance with the audit committee's recommendation, re-election of Scandic's current auditor, PwC, for a period until the end of the next annual general meeting. PwC has announced that Magnus Brändström will remain auditor in charge. Fee to the auditor is proposed to be paid in accordance with approved invoices.

### **Presentation of the director proposed for new election**

#### **Martin Svalstedt**

Born: 1963

Education: Bachelor of Science in Business Administration and Law from the University of Karlstad, Sweden

Main occupation: CEO Stena Adactum AB and Stena Sessan AB.

Other assignments: Chairman of the Board in Ballingslöv International, Gunnebo and Stena Renewable. Vice chairman of the Board in Envac. Board member in Svedbergs, Stena Sessan and Stena Adactum. Member of the Stena Sphere Coordination Group.

Shareholding in Scandic: 15,000 shares (including 0 shares held by related parties). In addition, Stena Sessan Rederi AB holds 15,026,982 shares.

### **The nomination committee's reasoned statement**

#### ***The nomination committee's reasoned statement regarding the composition and size of the Board of Directors***

The nomination committee has, through the chairman of the Board of Directors, studied the results of the evaluation of the current Board of Directors and its work. The nomination committee deems that the current Board of Directors functions well and as a whole possesses the competence and experience relevant to Scandic. In 2016 the composition of the Board was changed when four new Board members were elected, Ingalill Berglund, Albert Gustafsson, Stephan Leithner and Christoffer Lundström, who have strengthened the Board of Directors' expertise and experience in especially the real estate industry and within hospitality. Ahead of the annual general meeting 2017, Albert Gustafsson, Stephan Leithner and Niklas Sloutski have informed the nomination committee that they are not available for re-election.

When evaluating an appropriate composition of the Board of Directors, the nomination committee has considered the competence and experience of each member individually and of the Board of Directors as a whole with respect to the company's business and needs. The number of Board members was extended by two directors at the AGM in 2016 to add competence and ensure continuity while the long-term ambition was to reduce the number of Board members. The nomination committee therefore proposes one new member despite three members leaving the Board of Directors.

The proposed Board of Directors meets the requirements that more than half of the Board members shall be independent of the company and its senior management and that at least two of these also shall be independent of major shareholders. The chairman and the following members of the proposed Board of Directors are considered to be independent in relation to major shareholders of the company: Ingalill Berglund, Per G Braathen, Grant Hearn, Lottie Knutson, Eva Moen Adolfsson and Fredrik Wirdenius. All proposed Board members are deemed to be independent of the company and its senior management.

The nomination committee proposes that Martin Svalstedt is elected as a new member of the Board of Directors. Martin is the CEO of Stena Adactum AB and Chairman of Ballingslöv International, Gunnebo and Stena Renewable. Martin has extensive board experience both from his current assignments and from his previous board roles e.g. in Svedbergs i Dalstorp, MEDA, Envac, Mediatec Group and Blomsterlandet. He also has significant experience from operational roles such as CFO at Capio and other senior financial positions. Scandic's Board of Directors would benefit from Martin's broad experience of board work and financial background.

The nomination committee has taken diversity into account where gender balance has been sought. Three out of the nine proposed Board members are women (33%) and among the proposed members who are considered to be independent in relation to Scandic's major shareholders 43% are women. As the nomination committee values diversity, it is important that future nomination committees continue to work actively for an improved gender balance on the Board of Directors. The nomination committee has also ensured that the proposed Board of Directors has diversity in competence, experience and background. The nomination committee has for diversity policy applied Clause 4.1 of the Swedish Corporate Governance Code.

#### ***Reasoned statement regarding the nomination committee's proposal regarding the fees for members of the Board of Directors***

The guiding principle for the fees to the members of the Board of Directors is that the fees shall be competitive in order to ensure that Scandic can attract and retain competent Board members. The nomination committee has therefore conducted a thorough comparison of board fees paid by other medium and large listed companies in Sweden. The results of the evaluation in combination with Scandic's need for international Board members demonstrated a slight need for an increase in the fees for some of the roles in accordance with the nomination committee's proposal. The proposal also takes into account that the nomination committee strives for gradual Board compensation adjustments rather than significant changes in specific years.

The nomination committee believes that the appointment of a vice chairman of the Board of Directors could be beneficial to the efficiency of the Board work and ensure a successful CEO transition, by supporting the chairman especially in working closely with and supporting the new CEO. The nomination committee has therefore proposed that where the Board of Directors would appoint one of the members of the Board of Directors to be the vice chairman, such member shall be entitled to a somewhat higher fee.