

Presentation of the work of the Nomination Committee for the Annual General Meeting in 2012

The previous Annual General Meeting has decided that the Nomination Committee for the 2012 Annual General Meeting shall consist of four ordinary members, which shall be nominated by the four largest owners of the company as of 30 April 2012. The composition of the Nomination Committee for the Annual General Meeting on 28 November 2012 was announced on the company's website before 28 May 2012. Christian W. Jansson (appointed by Dutot Ltd.), Rune Andersson (appointed by Mellby Gård AB) and Evert Carlsson (appointed by Swedbank Robur Fonder AB) are part of the Nomination Committee. Contacts have been made with other owners in order of size but without on time receive information from such owner if it wishes to appoint a fourth member. According to information on the company's website, the Nomination Committee has constituted itself with three members, in order to be able to begin its work. The Nomination Committee held its inaugural meeting on 10 September 2012, and Evert Carlsson was appointed Chairman of the Committee.

The Committee has had five meetings in total, with contacts in between. The Committee has followed the rules of procedure for the Committee which the Annual General Meeting established and thus had the task to work out proposals to be presented at the 2012 Annual General Meeting with regard to:

- Chairman of the Annual General Meeting,
- Board of Directors,
- Chairman of the Board of Directors,
- Auditor or Accounting firm,
- Directors' remuneration (divided on the Chairman of the Board of Directors, other members of the Board of Directors and committee work), and
- Instructions and Rules of Procedures for the next Nomination Committee.

The aim of the Committee's work has primarily been to create an appropriate composition of the Board of Directors, through which the members' combined expertise and experience creates a broad base that conforms well to KappAhl's activity, stage of development and other conditions in general. The Board of Directors shall be characterized by diversity and width with reference to the members' skills, experience and background.

The Nomination Committee proposes re-election of Amelia Adamo, Sonat Burman Olsson, Paul Frankenius, and Christian W. Jansson. Jan Samuelsson has declined re-election. The Nomination Committee proposes election of Anders Bülow as new member of the Board of Directors and that Anders Bülow is elected Chairman of the Board of Directors.

The Nomination Committee has noted the evaluation of the Board of Directors and considered what competence and qualities the members' of the Board of Directors should have. The Nomination Committee has strived for a continued good gender balance among the elected members.

The Nomination Committee has also discussed the issue of the members' of the Board of Directors independence, and found that out of the elected members whom the Nomination Committee proposes for re-election all, except for Christian W. Jansson, are independent of the company and its management, and independent in relation to the company's major shareholders. The Nomination Committee has also found that Anders Bülow, who is

proposed for new election, is dependent in relation to major shareholders through his position in Mellby Gård Industri AB. The proposal of the composition of the Board of Directors therefore meets existing requirements of independent members.

Anders Bülow was born in 1953 and has a degree in Business Administration from Stockholm University. He is CEO of Mellby Gård Industri AB and Chairman of the Board in ia. Cale Access AB, Duni AB and Feralco Holding AB. He is also member of the Board of Directors in Roxtec AB and Älvsbyhus Intressenter AB. He has previously held management positions at ia. Ahlsell AB, Trelleborg AB, Boliden Ltd., Doro AB, Flash AB, Optik SmartEyes AB and Brämhults Juice AB.

It is the opinion of the Nomination Committee that Anders Bülow possess the competence, experience and background that is required and appropriate for KappAhl's business operations, development stage and otherwise.

Holding of shares in respect of the members proposed for re-election is stated in the Annual Report.

In conclusion, it is the Committee's opinion that the proposed Board of Directors has the competence and qualities required and which are appropriated to KappAhl's business, stage of development and otherwise. A good gender balance has been strived for among the Board members.

The Nomination Committee proposes election of Ernst & Young AB as accounting firm for KappAhl, with requests that Björn Grundvall is appointed as principally responsible auditor, for the period until the next Annual General Meeting. It is noted that PricewaterhouseCoopers AB, with Bror Frid as principally responsible auditor, has been KappAhl's accounting firm since 2005.

Regarding the Board of Directors' remunerations and remunerations for committee work the Committee has suggested unchanged remunerations since previous year. The auditor's fee is proposed to be unchanged according to customary standards and approved invoice.

Regarding Instruction and Rules of Procedure for next year's Nomination Committee, the Committee has proposed that the Instruction and Rules of Procedure shall remain essentially unchanged, however, with the exception that the Chairman shall, in the event that any of the four largest shareholders refrain from appointing a representative or such representative resigns or leave before the assignment has been completed, in order of size until the tenth largest shareholder request the next owner (i.e. first the fifth largest owner) to within a week of the request appoint a representative. If, despite such requests, only three shareholder representatives have been appointed as of the July 1, the Nomination Committee shall be able to constitute itself with three members and the Nomination Committee shall then be able to decide whether the procedure to designate a fourth member should continue or not. The Nomination Committee's motivation for the proposal is to achieve an effective work of the Nomination Committee.

All decisions of the Committee have been unanimous.

Mölnadal, November 2012

Nomination Committee of KappAhl AB (publ)