

## INSTRUCTIONS AND RULES OF PROCEDURE FOR THE NOMINATION COMMITTEE IN KAPPAHL AB (PUBL)

It is proposed that the Annual General Meeting adopt the following instructions and rules of procedure for the Nomination Committee.

### 1. Overall responsibilities and objectives

The Nomination Committee (*Sw. Valberedningen*), (the “Committee”) is appointed in accordance with routines resolved upon by the Annual General Meeting in KappAhl AB (publ) (the “Company”). The Committee shall, in its work, follow the Swedish Corporate Governance Code (*Sw. Svensk kod för bolagsstyrning*). The Company and its subsidiaries are hereinafter referred to as the “Group”. The main objective and responsibility of the Committee is to present proposals for the nomination of chairman and members of the Board of Directors and auditor(-s). The Committee shall also render recommendations for remunerations to such individuals.

### 2. Appointment of the Committee

It is proposed that the Committee shall consist of four regular members, representing the four largest owners in the Company as of April 30. The Chairman of the Board of Directors shall, when such ownership information is available, contact the largest of the four owners, and shall also be co-opted on the Committee. The members of the Committee shall be announced no later than six months before the Annual General Meeting. The largest shareholders refer to shareholders registered with Euroclear Sweden AB (formerly VPC) and ownership grouped as of April 30. If any of the four largest owners refrain from appointing an owner representative, or if an owner representative resigns or relinquishes the position before the assignment is complete, the Chairman shall encourage the next owner in size until the tenth largest shareholder (i.e. the fifth largest owner) to within a week from the encouragement appoint an owner representative. If, despite such encouragement, only three shareholder representatives have been appointed as of July 1, the Committee shall be able to constitute itself with three ordinary members and the Committee shall then be able to decide whether the procedure to designate a fourth member should continue or not.

In the event of a significant change of ownership among the largest owners after April 30 but occurs earlier than eight weeks before the Annual General Meeting, and if a shareholder, who after this change has become one of the four largest shareholders (or the three largest if the Committee has med such a decision as above mentioned), the Committee shall contact and offer the shareholder to be a member of the Committee either by deciding that the shareholder shall replace the smallest shareholder after the change, or by expanding the Committee with one more member. When deciding in accordance with the preceding sentence, the new member shall participate and the member appointed by the smallest owner shall not participate.

### 3. Duties

The Committee shall:

*This document is an unofficial translation of the corresponding Swedish document. In the event of any discrepancies between the text contained in this document and the Swedish document, the latter shall prevail.*

# KappAhl

- Represent all of the owners of the Company in matters falling within the scope of the tasks of the Committee.
- Evaluate to what extent the Board of Directors satisfies requirements based on the Group's business, future development and independence criteria, i.a. by reviewing the results from the Board of Directors' evaluation.
- Establish requirement profiles for members of the Board of Directors.
- Evaluate the appropriate number of members for the Board of Directors.
- As necessary, perform a systematic procedure to find new candidates.
- Communicate with the Audit Committee when, if applicable, considering proposals for auditor(s) and their remuneration.
- Publish proposals in the notice for the Annual General Meeting and on the Company's website.
- Attend, present and motivate its proposals to the Annual General Meeting.
- Describe its working procedure on the Company's website.

Further, in performing its duties, the Committee shall maintain an effective working relationship with the Board of Directors. To perform his or her role effectively, each member of the Committee shall develop and maintain his or her knowledge and understanding of the Committee's responsibilities and of the Group's business and operations.

The Committee has the right to, if necessary, in connection with future election of new member of the Board of Directors, obtain material from an external consultant regarding knowledge, experience and profile for suitable candidates, with a right for the Committee to charge the Company with reasonable cost for such material, provided such cost is accounted for at the next Annual General Meeting.

## **4. Organization**

### *4.1 Membership etc*

- (i) The Annual General Meeting shall decide upon such routines by which the members of the Committee are nominated.
- (ii) The Committee appoints its chairman. The chairman of the Board of Directors shall not be the chairman of the Committee. In case of equal votes in the Committee, the Chairman shall have the casting vote.
- (iii) The Committee shall consist of such number of members as decided upon according to above mentioned and that the Swedish Code of Corporate Governance provides.
- (iv) The majority of the members of the Committee shall not be members of the Board of Directors. The Chief Executive Officer and other members of senior management of the Company may not be members of the Committee.
- (v) The Secretary of the Board of Directors shall also be the secretary of the Committee.

*This document is an unofficial translation of the corresponding Swedish document. In the event of any discrepancies between the text contained in this document and the Swedish document, the latter shall prevail.*

## *4.2 Meetings*

- (i) The Committee shall meet as often as necessary in order to fulfill its duties and responsibilities, but not less than twice a year. The planning of meetings shall take into consideration the timing of the Annual General Meeting.
- (ii) Meetings are to be convened by the Chairman of the Committee, but can also be convened by any other members of the Committee.
- (iii) The person convening a meeting shall circulate an agenda which shall be drafted together with the Chairman of the Committee one week before the Committee meeting. Supporting documentation shall be circulated at the same time if possible.
- (iv) Minutes of the meetings shall be kept by the Secretary of the Committee and be securely filed.
- (v) The Secretary of the Committee shall circulate the minutes of the meeting to members of the Committee within two weeks from a Committee meeting.

## **5. Reporting responsibilities etc**

### *5.1 Reporting responsibilities*

The Committee may regularly update and report to the owner(s) who appointed the members. The Committee's members may not, without permission, disclose what has occurred in the Committee's work.

### *5.2 Review of the Committee's rules of procedure*

The Committee shall annually review the Committee's rules of procedure and instructions.

---

November 2016