

## PRESENTATION OF THE WORK OF THE NOMINATION COMMITTEE FOR THE ANNUAL GENERAL MEETING IN 2016

The previous Annual General Meeting has decided that the Nomination Committee for the 2016 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, 2016. The composition of the Nomination Committee for the Annual General Meeting on 6 December, 2016 was announced on the company's website before 6 June, 2016. Rune Andersson (appointed by Mellby Gård AB), Marianne Nilsson (appointed by Swedbank Robur Fonder AB) Elisabet Jamal Bergström (appointed by Handelsbanken Fonder AB) and Jannis Kitsakis (appointed by Fjärde AP-fonden) are members of the Nomination Committee. Anders Bülow, Chairman of the Board, was co-opted to the committee. Göran Espelund (appointed by Lannebo Fonder AB) left the Nomination Committee on 25 August, 2016 after Lannebo Fonder AB reduced its shareholding, whereby Jannis Kitsakis acceded to the Nomination Committee in accordance with the instructions adopted by the Annual General Meeting. The Nomination Committee held its constituent meeting on 20 June 2016, and Rune Andersson was appointed Chairman of the Committee.

The Committee has had four 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 2016 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 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 proposes re-election of Anders Bülow, Kicki Olivensjö, Pia Rudengren and Susanne Holmberg. Christian W. Jansson has declined re-election. The Nomination Committee proposes that Anders Bülow is elected Chairman of the Board of Directors. Furthermore, the Nomination Committee proposes election of Göran Bille and Cecilia Kocken as new ordinary board members.

*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.*

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Anders Bülow (born 1953), has been Chairman of the Board of KappAhl since December 2012. Anders is also a member of KappAhl's Remuneration Committee and Audit Committee. Anders is Chairman of the Board and Board member of Mellby Gård AB:s subsidiaries and affiliated companies and a Board member of Academedia AB. Anders Bülow has a bachelor degree in Business Administration from the University of Stockholm. Anders Bülow holds 35,000 shares in KappAhl.

Pia Rudengren (born 1965) has been a member of the Board of KappAhl since 2013 and is the Chairman of the Audit Committee. She is currently board member and chairman of Social Initiative Norden AB and Board member of Duni AB, Swedbank AB and Tikkurila Oyj. Pia Rudengren has previously held senior management positions including Investor AB and W Capital Management AB. Pia Rudengren holds an MBA from Stockholm School of Economics. Pia Rudengren holds 4,000 shares in KappAhl.

Susanne Holmberg (born 1961) is a Board member of KappAhl since 2014 and is the Chairman of the Offer Committee and a member of the Remuneration Committee. Susanne Holmberg is also a Board Member of Linum AB. Susanne Holmberg is a consultant and former business area manager at Coop Sverige AB and has previously also worked at Axstores AB as, among other things, Purchasing Director and business area manager. Susanne Holmberg also has experience as Board member in Åhléns AB, Kicks Kosmetikkedjan AB, Lagerhaus AB and Designtorget AB. Susanne Holmberg holds a B.Sc. in business administration from the university of Uppsala. Neither Susanne Holmgren nor any of her relatives hold shares or other securities in KappAhl.

Kicki Olivensjö (born 1958) is a Board member of KappAhl since 2015 and is a member of the Offer Committee. Kicki Olivensjö holds the position of head of product range and purchasing at Venue Retail Group and has previously been business area manager and head of design and purchasing at Åhléns, head of design and purchasing at Lindex and head of design and production at Peak Performance. In addition, Kicki Olivensjö has worked at Hennes & Mauritz AB on various positions in Sweden and Hong Kong. Neither Kicki Olivensjö nor any of her relatives hold shares or other securities in KappAhl.

Göran Bille (born 1955) previous positions include CEO and group CEO of Gina Tricot and Lindex, as well as a former senior executive within H&M. Göran Bille is a board member of Gunnebo and holds an MBA. Neither Göran Bille nor any of his relatives hold shares or other securities in KappAhl.

Cecilia Kocken (born 1979) is Marketing Director at Procter & Gamble Nordic and has previously held several other senior executive positions at Procter & Gamble, both in the Nordics and globally. On 1 December, 2016, Cecilia Kocken will assume the position as Category Director at Arla Sverige. Cecilia holds an MBA. Neither Cecilia Kocken nor any of her relatives hold shares or other securities in KappAhl.

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

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 are independent of the company and its management, and all, except for Anders Bülow, are independent in relation to the company's major shareholders. The Nomination Committee has assessed that Göran Bille and Cecilia Kocken, who are proposed for new election, are both

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independent in relation to the company and in relation to the company's major shareholders. The proposal of the composition of the Board of Directors therefore meets existing requirements of independent members.

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, after recommendation from the Audit Committee, new election of PwC (PricewaterhouseCoopers AB) as accounting firm for KappAhl, with request that Eva Carlsvi is appointed as principally responsible auditor, for the period until the next Annual General Meeting. The Audit Committee's recommendation has been preceded by a tender process and an evaluation based on the stipulated requirements and selection criteria. The Nomination Committee notes that the Audit Committee has been free from influence by a third party and that no conditions restricting the choice by the general meeting has been imposed upon it.

Regarding the Board of Directors' remunerations and remunerations for committee work, the Committee has suggested that the remuneration for the Chairman of the Board of Directors is increased to 400,000 SEK and to 200,000 SEK per board member for other members of the Board of Directors, but that remuneration for committee work shall be unchanged since previous year. The auditor's fee is proposed to be unchanged according to customary standards and approved invoice.

Finally, 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 substantially unchanged.

Mölnådal, November 2016

Nomination Committee of KappAhl AB (publ)

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