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## PRESENTATION OF THE WORK OF THE NOMINATION COMMITTEE FOR THE ANNUAL GENERAL MEETING 2018

The previous Annual General Meeting has resolved that the Nomination Committee for the 2018 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, 2018. The composition of the Nomination Committee for the Annual General Meeting on 6 December, 2018 was announced on the company's website before 6 June, 2018. Rune Andersson (appointed by Mellby Gård AB), Marianne Nilsson (appointed by Swedbank Robur Fonder AB), Elisabet Jamal Bergström (appointed by Handelsbanken Fonder AB) and Johan Strandberg (appointed by SEB Fonder) are members of the Nomination Committee. Anders Bülow, Chairman of the Board of Directors, was co-opted to the Nomination Committee. The Nomination Committee held its constituent meeting on 29 June, 2018 and Rune Andersson was then appointed as Chairman of the Committee.

The Committee has had three 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 2018 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,
- Remuneration for the Board of Directors' (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 taken part of the evaluation of the Board of Directors and has considered what competence and qualities the members' of the Board of Directors should have. It is the Nomination Committee's opinion that the composition and expertise of the Board of Directors currently corresponds well to the requirements set.

The Nomination Committee proposes re-election of Anders Bülow, Cecilia Kocken, Göran Bille, Kicki Olivensjö, Pia Rudengren, Susanne Holmberg and Thomas Gustafsson. The Nomination Committee proposes that Anders Bülow is elected as Chairman of the Board of Directors.

Anders Bülow (born 1953), is a Board member and Chairman of the Board of Directors of KappAhl since 2012 and is a member of the Remuneration Committee and Audit Committee. Anders Bülow is Chairman of the Board of Directors and Board member of Mellby Gård AB's subsidiaries and affiliated companies, inter alia Chairman of the Board of Directors of

# KappAhl

AcadeMedia AB. Anders Bülow holds a B.Sc. in Business Administration from the University of Stockholm. Anders Bülow holds 50,000 shares in KappAhl through company.

Cecilia Kocken (born 1979) is a Board member of KappAhl since 2016 and is a member of the Offer Committee. Cecilia Kocken is Category Director at Arla Sverige. She has previously worked as Marketing Director and held several other senior executive positions at Procter & Gamble in the Nordics and globally. Cecilia holds a M.Sc. in Business Administration. Cecilia Kocken holds 3,000 shares in KappAhl.

Göran Bille (born 1955) is acting CEO and group CEO since June 2018 and is a Board member of KappAhl since 2016. Göran Bille is inter alia former CEO and group CEO of Gina Tricot and Lindex, as well as a former senior executive within Hennes & Mauritz AB. Göran Bille is a Board member of Gunnebo AB and holds a M.Sc. in Business Administration. Göran Bille holds 6,000 shares in KappAhl.

Kicki Olivensjö (born 1958) is a Board member of KappAhl since 2015 and is a member of the Offer Committee. Kicki Olivensjö is 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. Kicki Olivensjö holds 1,200 shares in KappAhl.

Pia Rudengren (born 1965) is a Board member of KappAhl since 2013 and is Chairman of the Audit Committee. She is currently Chairman of the Board of Directors of Social Initiative Norden AB and inter alia Board member of AcadeMedia AB, Boliden AB, Duni AB and Tikkurila Oyj. Pia Rudengren has previously been Board member of Swedbank AB and has held senior management positions in inter alia Investor AB and W Capital Management AB. Pia Rudengren holds a M.Sc. in Business Administration 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 Remuneration Committee and the Offer 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 of Åhléns AB, Kicks Kosmetikkedjan AB, Lagerhaus AB and Designtorget AB. Susanne Holmberg holds a M.Sc. in Business Administration from the University of Uppsala. Susanne Holmberg holds 1,600 shares in KappAhl.

Thomas Gustafsson (born 1965) is a Board member of KappAhl since 2017 and is a member of the Offer Committee. Thomas Gustafsson is inter alia Chairman of the Board of Directors of OJ Holding Sweden AB and Smart Eyes International AB and Board member and deputy CEO of Mellby Gård AB. He has previously been CEO and group CEO of Duni AB and Moment Group AB (publ) (former 2E Group AB (publ)). Thomas Gustafsson holds a Diploma in Business Administration. Neither Thomas Gustafsson nor any of his relatives hold shares or other securities in KappAhl.

In conclusion, it is the Committee's opinion that the proposed composition of the Board of Directors, with its seven Board members, has the competence and qualities required and which are appropriate for KappAhl's operations, stage of development and circumstances in general.

# KappAhl

The Nomination Committee has also considered the requirement of diversity as set forth in the Swedish Corporate Governance Code (*Sw. Svensk kod för bolagsstyrning*) (the “**Code**”). The Nomination Committee has applied Rule 4.1 of the Code as its diversity policy, whereby the Nomination Committee has taken into consideration that the Board of Directors, with respect to the nature of KappAhl’s operations, stage of development and circumstances in general, shall have an appropriate composition which shall be characterized by diversity and breadth with respect to the elected Board members’ expertise, experience and background. In addition, the Nomination Committee has strived for an even gender balance among the elected Board members. The Nomination Committee can conclude that the proposed composition of the Board of Directors consists of four women and three men. Thus, the gender balance is approximately 57 % / 43 % which, according to the Nomination Committee’s opinion, corresponds well with the requirement for an even gender balance and the other requirements as set forth in the Code.

Furthermore, the Nomination Committee has also, in accordance with the requirements set forth in the Code, discussed the issue related to the independence of the members’ of the Board of Directors. The Nomination Committee has found that all of the elected Board members whom are proposed for re-election, except Göran Bille, are to be considered independent in relation to the company and its management. The Nomination Committee has further found that all of the elected Board members whom are proposed for re-election, except Anders Bülow and Thomas Gustafsson, are to be considered independent in relation to major shareholders. Accordingly, the proposed composition of the Board of Directors therefore fulfils the requirements set forth in the Code regarding the independence of the members of the Board of Directors.

Information on the Board members proposed for re-election can be found in the Annual Report and at KappAhl’s website, [www.kappahl.com/ir](http://www.kappahl.com/ir).

The Nomination Committee proposes, in accordance with the recommendation from the Audit Committee, re-election of PwC (Öhrlings PricewaterhouseCoopers AB) as the accounting firm for KappAhl, with the request that Eva Carlsvi is appointed as the principally responsible auditor, for the period until the next Annual General Meeting.

Regarding remuneration for the Board of Directors’ and remunerations for committee work, the Committee has suggested unchanged remuneration per Board member since previous year. The auditor’s fee is proposed, in accordance with the recommendation from the Audit Committee, to be paid according to customary standards and approved invoice.

Finally, the Committee has proposed that the Instruction and Rules of Procedure for the next year’s Nomination Committee shall remain substantially unchanged.

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Mölndal in November 2018

The Nomination Committee of KappAhl AB (publ)