

## **REPORT ON THE WORK OF THE NOMINATIONS COMMITTEE AND THE NOMINATIONS COMMITTEE'S PROPOSALS FOR DECISIONS**

### **Background**

In accordance with the decision made by the 2014 Annual General Meeting of Semcon AB (publ) ("Semcon or the company"), the Chairman of the Board, Kjell Nilsson, contacted the three largest shareholders in Semcon (as per 31 August 2014) in September 2014 to form a nominations committee. The composition of the Nominations Committee was announced in a press release on 15 September 2014, after which information about the nominations committee has been available on Semcon's website.

The Nominations Committee has comprised the following members:

Gabriel Berg, JCE Group Aktiebolag  
Evert Carlsson, Swedbank Robur fonder  
Frank Larsson, Handelsbanken fonder  
Kjell Nilsson, Chairman of Semcon

In accordance with the decision made by the 2014 Annual General Meeting, the nominations committee chose as committee Chairman the member representing the largest shareholding. JCE Group Aktiebolag is the largest shareholder of Semcon, and Gabriel Berg is therefore the Chairman of the nominations committee. The three largest owner representatives represent around 37 per cent of the votes in Semcon.

### **Work of the nominations committee**

The Nominations Committee has held four minuted meetings and also been in contact via telephone and email. As the basis for making nominations, the Nominations Committee has used an assessment of the Board (together with a correlation over the last five years' board evaluations), received a presentation and review of Semcon's business conducted by the company's CEO and CFO and received a presentation of the Board and its work from the Chairman of the Board. To assess how the current Board will meet the challenges to be faced in the coming mandate period, the current situation of the company and its future direction were discussed. The emphasis of the discussion was on each individual's experience and competence in their own specialist area, as well as their international, business and financial experience.

Further information about the nominations committee is available, and has been available, on Semcon's website, under the heading of "Corporate Governance". Shareholders are given an opportunity here to communicate with the nominations committee. No proposals or opinions from other shareholders have been received.

### **The nominations committee's proposals for decisions**

The nominations committee proposes that the Annual General Meeting on 28 April 2015 make the following decisions:

#### Election of chairman for the meeting

The Nominations Committee proposes Kjell Nilsson as chairman of the Annual General Meeting.

#### Decision regarding the number of Board members and deputies

The Nominations Committee proposes that there be five Board members elected by the Annual General Meeting, with no deputies.

#### Decision regarding the number of auditors and deputy auditors or registered public accounting firms

The Nominations Committee proposes that a registered public accounting firm be appointed auditor of the company.

#### Determination of remuneration to the Board of Directors

The Nominations Committee proposes, similarly to last year, that a total fee of SEK 1,610,000 shall be paid to Board members elected by the meeting, of which SEK 550,000 to the chairman and SEK 265,000 to each of the other members elected by the meeting. The Nominations Committee further proposes that no special fees be paid for work on Board committees.

#### Determination of the remuneration to the auditors

The Nominations Committee proposes that the fee paid to auditors be made on open account, approved by the company.

#### Election of Board chairman, Board members and possible deputies

The Nominations Committee proposes the re-election of Kjell Nilsson, Marianne Brismar, Gunvor Engström and Håkan Larsson as Board members and the election of Tore Bertilsson as a Board member.

Board member Joakim Olsson has declined re-election.

The committee proposes that Kjell Nilsson be re-elected as chairman.

Kjell Nilsson (born 1948), Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Gothenburg. Board member since 2007. Kjell was formerly CEO at Boliden AB, Trelleborg AB and Semcon. Other board assignments: chairman of Lindab International AB. Shareholding in Semcon: 31,088 shares. Citizen of Sweden.

Gunvor Engström (born 1950), MBS, Stockholm School of Economics. Elected to the Board in 2007. Gunvor was formerly CEO of Företagarna and Bank2 and was County governor of Blekinge. Other board assignments: Member of Länsförsäkringar Fondförvaltning AB, Apoteksgruppen, Third Swedish National Pension Fund and the Fundraising foundation IFS Rådgivningscentrum. Shareholding in Semcon (own holding and related parties): 30,000 shares. Citizen of Sweden.

Marianne Brismar (born 1961), Chemist and Economist. Elected to the Board in 2008. Marianne was formerly CEO and owner of Atlet AB. Other board assignments: Member of Wollenius Invest AB, Beijer Alma AB, Concentric AB, Axel Johnson International Aktiebolag and Creades AB. Shareholding in Semcon: 5,000 shares. Citizen of Sweden.

Håkan Larsson (born 1947), MBS, Göteborg School of Economics. Elected to the Board in 2008. Håkan was formerly CEO of Rederi AB Transatlantic and prior to that he was CEO at Schenker AG. Other board assignments: Chairman of Tyréns AB, Inpension Asset Management, Valea AB and Wallenius Wilhelmsen Logistics AS. Board member of Handelsbanken Region Väst, Rederi AB Transatlantic, Eukor Car Carriers Inc., and Stolt-Nielsen Ltd. Shareholding in Semcon: 10,000 shares. Citizen of Sweden.

Tore Bertilsson (born 1951), MBsc. Tore was formerly Executive Vice President and CFO of SKF. Other board assignments: Chairman of PRI Pensionsgaranti and Aktiebolaget Ludvig Svensson. Member of the IKEA Group Board, Gunnebo AB, Stampen AB, JCE Group Aktiebolag, Ågrenska AB (svb), Salinity AB and SEB Trygg Liv. Shareholding in Semcon: 0 shares. Citizen of Sweden.

In addition to holdings stated above, none of Kjell Nilsson, Marianne Brismar, Gunvor Engström, Håkan Larsson or Tore Bertilsson, or their close associates, own shares or share-related instruments in the company.

The proposed Board members can be considered independent in relation to the company, the senior management team and major shareholders, except for Kjell Nilsson, who cannot be considered independent in relation to the company and the senior management team as he was President and CEO of the company between 2008 – 2012 and Tore Bertilsson who is not considered independent in relation to major shareholders since he is a Board member of a company that is a major shareholder in the company.

The assessments of the nominations committee that lie behind these proposals are available via the company's website, [www.semcon.se](http://www.semcon.se).

#### Election of auditors and deputy auditors or registered public accounting firms

The 2014 Annual General Meeting elected Deloitte AB as auditors of the company up to the time of the end of the 2015 Annual General Meeting. The Nominations Committee proposes that the registered public accounting firm Deloitte AB be re-elected as the company's auditor for a period of one year.

#### Decision regarding the nominations committee

The Nominations Committee proposes that the company shall have a nominations committee, that no remuneration be paid to the nominations committee although the company shall pay the costs of the committee, and that there be a nominations process with the following content.

1. The nominations committee shall comprise the chairman of the Board and three, or in some cases four (see point 6 below), additional members.
2. Based on the shareholder statistics received from Euroclear Sweden AB each year on 31 August, the chairman of the Board shall without undue delay contact the three largest shareholders (based on number of votes) and ask each of them to appoint within a reasonable period one member of the nominations committee. If a shareholder declines this offer, the offer shall be made to the next largest shareholder who does not already have the right to appoint a member to the committee. The nominations committee shall be constituted at the latest one month after it has been appointed, i.e. 30 September.
3. The member proposed by the shareholder holding the most votes shall act as chairman of the nominations committee.
4. Membership of the nominations committee applies until a new nomination committee is appointed.
5. The names of the members of the nominations committee shall be announced as soon as the committee is appointed and six months before the next Annual General Meeting at the latest.

6. If there are changes in the shareholder structure after 31 August and earlier than two months before the Annual General Meeting, and if a shareholder consequently becomes one of the three largest shareholders and makes a request to the nominations committee's chairman to be represented on the nominations committee, then this shareholder shall have the right to either appoint an additional committee member or, if the nominations committee so decides, to appoint a representative to replace the representative of the shareholder who has the least number of votes following the changes in ownership structure.
7. If a member of the nominations committee resigns during the mandate period or is unable to fulfil his or her obligations, then the chairman of the Board shall without delay ask the shareholder who appointed the member to appoint a new representative within a reasonable time. If the shareholder declines to replace a representative the place on the committee shall be offered to the next largest shareholder who has not already appointed a representative or has refrained from doing so.
8. The nominations committee shall perform the duties that from time to time arise in accordance with Swedish Corporate Governance Code. The duties of the nominations committee include making proposals for (i) chairman of the Annual General Meeting, (ii) chairman of the Board and other Board members, (iii) fees and other remuneration for Board assignments for each Board member, (iv) fees for auditors (v) selection of auditors and (vi) fees for members of the nomination committee and proposals for the nomination process in general.

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Nominations Committee, March 2015