

## **REPORT ON THE WORK OF THE NOMINATIONS COMMITTEE AND ITS PROPOSALS**

### **Background**

In accordance with the decision made by the 2011 Annual General Meeting of Semcon AB (publ) (hereafter "Semcon"), the Chairman of the Semcon Board, Hans-Erik Andersson, contacted in September 2011 the three largest shareholders in Semcon to establish a nominations committee. The composition of this nominations committee was announced in the Q3 interim report published on 27 October 2011. Information about the committee has been available since this date on Semcon's website.

The following individuals are members of the nominations committee:

Hampus Ericsson, JCE Group AB

Jimmy Bengtsson, Skandia Liv

Kerstin Stenberg, Swedbank Robur fonder

Hans-Erik Andersson, chairman of the Semcon Board

In accordance with the decision made by the 2011 Annual General Meeting, the member that represents the shareholder with the largest number of votes shall be chairman of the nominations committee. The largest shareholder in Semcon is JCE Group AB, so Hampus Ericsson is therefore the nominations committee's chairman. The three owner representatives represent around 47 per cent of votes in Semcon.

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

The nominations committee has held nine meetings at which minutes were kept and has had contacts via telephone and email. As the basis for making nominations, the committee has had access to the assessment of the Semcon Board prepared internally by the Board, and the Chairman of the Board has also reported on the work of the Board. In addition the nominations committee has held individual interviews with each member of the Board. In order to assess how the current Board meets the challenges that will be placed on it during the coming mandate period, the company's current situation and future direction were discussed. The emphasis was on each Board member's experience and competence in their own specialist area, as well as their international, business and financial experience.

Under the heading "Corporate Governance" on the Semcon website there is a special section entitled "Nominations committee" where Semcon's shareholders are offered an opportunity to communicate with the committee. However, no suggestions or opinions from other shareholders have been submitted.

### **Nomination committee's proposals**

The nominations committee submits the following proposals for decision by the Annual General Meeting held on 26 April 2012:

#### Election of chairman for the meeting

The nominations committee proposes chairman of the Board Hans-Erik Andersson as chairman of the meeting.

#### Number of Board members and deputies

The nominations committee proposes that the Board comprise five members to be elected by the meeting, with no deputies.

#### Number of auditors and deputy auditors or authorized public accountants

The nominations committee proposes that an authorized public accountants be appointed.

#### Board fees

The nominations committee proposes that the total sum of SEK 1,200,000 be paid in fees to elected Board members, of which SEK 400,000 to the Chairman of the Board and SEK 200,000 each to the other elected Board members. The nominations committee also proposes that no extra fee shall be paid for work on any Board committees or groups.

#### Auditors' fees

The nominations committee proposes that the company's auditors be paid by approved account.

#### Election of Chairman of the Board and Board members

The nominations committee proposes the re-election of Kjell Nilsson, Marianne Brismar, Gunvor Engström, Håkan Larsson and Joakim Olsson as Board members. The nominations committee further proposes the election of Kjell Nilsson as Chairman of the Board. Hans-Erik Andersson is not available for re-election.

Kjell Nilsson (born 1948), Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Gothenburg, elected to the Semcon Board in 2007 and President and CEO since 2008. Leaves the position of President and CEO after the 2012 Annual General Meeting. Other board assignments: Chairman at Symbrio AB. Board member of Choice Hotels AS, Home Properties AB and Home Invest AS. Shareholding in Semcon: 127 859 shares. Swedish citizen.

Gunvor Engström (born 1950), Master of Business Administration (MBA), Stockholm School of Economics, elected to the Semcon Board in 2007. Other board assignments: Länsförsäkringar Liv Försäkringsaktiebolag (publ), Apoteksgruppen, Metria AB, Hexicon AB and Third AP fund and chairman of Swedish Association of Independent Schools. Shareholding in Semcon (own and family): 30,000 shares. Swedish citizen.

Marianne Brismar (born 1961), Pharmacist Graduate from Uppsala University and BA in Economics from the School of Business, Economics and Law at University of Gothenburg, elected to the Semcon Board in 2008. Other board assignments: Chairman in Newbody AB. Board member in Engelhardt AB, Wollenius Invest AB Imego AB, Beijer Alma AB and Concentric AB. Shareholding in Semcon: 5,000 shares. Swedish citizen.

Håkan Larsson (born 1947), Master of Business Administration (MBA), University of Gothenburg, elected to the Semcon Board in 2008. Other board assignments: Chairman of Schenker AB, Valea AB and Inpension Asset Management AB and Valea AB. Board member of Bure Equity AB, Chalmers University of Technology, Handelsbanken Region Väst, Rederi AB Transatlantic, Stolt-Nielsen Ltd. and Wallenius Lines AB. Shareholding in Semcon: 10,000 shares. Swedish citizen.

Joakim Olsson (born 1965), MBA, Master of Business Administration at INSEAD, Fontainebleau, France and Master of Science (MSc) at Kungliga Tekniska högskolan, Stockholm, elected to the Semcon Board in 2011. President and CEO

of SAG Group GmbH (Germany). Other board assignments: Concentric AB and Teknikföretagen. Shareholding in Semcon: 4,000 shares. Swedish citizen.

In addition to the details stated above, none of Kjell Nilsson, Marianne Brismar, Gunvor Engström, Håkan Larsson or Joakim Olsson or any related parties to them own shares or other share-related instruments in the company.

Kjell Nilsson through his connection as President and CEO cannot be considered independent of the company and of senior executives but he may be considered independent to the largest shareholders in the company. The other proposed Board members may be considered independent in their relation to the company, senior executives and large shareholders.

The nominations committee has published a statement concerning its proposals on the company's website, [www.semcon.se](http://www.semcon.se).

#### Election of auditors, deputies or authorized public accountants

The 2011 Annual General Meeting elected Deloitte AB as authorized public accountants for the period up to the end of the 2012 AGM. The nominations committee proposes that authorized public accountants Deloitte AB be re-elected as auditors for a period of one year.

#### Decision concerning nominations committee

The nominations committee proposes that the company have a nominations committee, with no fees paid to this committee, although the company shall pay expenses relating to the work of the committee, and that the following process be adopted:

The nominations committee proposes that the procedures for appointing the nominations

1. The nominations committee shall comprise the Chairman of the Board and three or, as in the case described in point 6 below, four further members.

2. Based on ownership statistics received by the company from Euroclear Sweden AB as of 31 August each year, the Chairman of the Board shall without unreasonable delay contact representatives of the three largest shareholders in terms of votes and invite each of them within a reasonable period of time to appoint a member of the nominations committee. If one of the three largest shareholders refrains from appointing a representative, the Chairman shall ask the next largest shareholder by votes who has not already appointed a representative to appoint a representative.
3. The representative appointed by the largest shareholder shall be the chairman of the nominations committee.
4. The mandate period for a member of the nominations committee shall be the period up to the appointment of a new nominations committee.
5. The names of members of the nominations committee shall be announced as soon as the committee has been appointed, at the latest six months prior to the next Annual General Meeting.
6. If changes are made to the ownership structure of the company after 31 August but before two months before the next annual general meeting, and if a shareholder after this change has become one of the three largest shareholders by votes and informs the chairman of the nominations committee that he wishes to become a member of the nominations committee, this shareholder shall have the right either to appoint an additional member to the nominations committee, or if the nominations committee decides, to appoint a member of the nominations committee to replace the member appointed by the smallest shareholder by votes prior to the change in ownership.
7. If a member of the nominations committee appointed by a shareholder resigns from the committee during the mandate period or if a member is prevented from completing his duties, the Chairman of the Board shall without delay request that the shareholder who appointed this representative appoint a new one within a reasonable period. If the shareholder does not make this appointment the right to appoint a new member shall fall to the shareholder with the next highest votes who has not already appointed, or refrained from appointing, a member of the nominations committee.
8. The nominations committee shall perform the duties that from time to time arise in accordance with the Swedish Code of Corporate Governance. The work of the nominations committee includes submitting proposals for (i) Chairman of the Annual General Meeting (ii) Board Chairman and Board members (iii) fees and division of fees between Chairman and Board members (v) fees for auditors and, (vi) fees to members of the nominations committee and procedures for appointment of nominations committee.