

## **Proposals for resolutions, statement of explanation and account of its work by the Election Committee of Momentum Group AB (publ) ahead of the Annual General Meeting on 31 August 2020**

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### **Background**

On 12 February 2020, in accordance with the resolution passed by Momentum Group AB's 2018 Annual General Meeting, an Election Committee was announced with representatives of the largest shareholders/shareholder groups by vote as of 31 December 2019. As SEB Funds' holding in Momentum Group AB ("Momentum Group" or the "Company") decreased during the spring, it made its seat on the Election Committee available to Handelsbanken Funds. As announced on 14 April 2020, the Election Committee ahead of the Annual General Meeting in August 2020 therefore comprises Marianne Flink (appointed by Swedbank Robur Funds), Lilian Fossum Biner (appointed by Handelsbanken Funds), Stefan Hedelius (appointed by Tom Hedelius), Tobias Lönnevall (appointed by Nordstjernan) and Chairman of the Board Johan Sjö. Tobias Lönnevall was appointed by the Election Committee as Chairman of the Election Committee. The Election Committee members represent approximately 69 percent of the total number of voting rights in the Company.

The Election Committee, in accordance with the principles established by the Annual General Meeting, has been mandated to draw up proposals on the following issues to be presented at Momentum Group's Annual General Meeting on 31 August 2020:

- Chairman to preside over the Annual General Meeting,
- the number of Directors and the election of the Company's Board of Directors and Chairman of the Board,
- fees to Directors and the Chairman of the Board and for committee work,
- election of a registered accounting firm and fees to auditors, and
- any changes in the principles for appointing the Election Committee and for the Election Committee's duties.

The Election Committee has held three meetings during which minutes were taken and maintained regular communications between the meetings. As a basis for its work, the Election Committee has been briefed on, among other things, the assessment by the Board of Directors of its work carried out during the year and interviewed current members of the Board as well as potential new Directors. To assess the demands facing the Board of Directors as a result of the Company's position, strategic challenges and future direction, the Election Committee has discussed the Board's size and composition in terms of industry experience and expertise and how the Board's work has been conducted, etc.

### **Proposals by the Election Committee for resolutions**

#### *Chairman to preside over the 2020 Annual General Meeting*

- Chairman of the Board Johan Sjö.

#### *Election of the Company's Board of Directors and Chairman of the Board*

The Election Committee proposes the following:

- Six regular Directors (previous year: five Directors).
- Re-election of current Directors Stefan Hedelius, Göran Näsholm, Johan Sjö and Gunilla Spongh. Election of Christina Åqvist and Johan Eklund as new Directors. Current Director Charlotte Hansson has declined re-election.
- Re-election of Johan Sjö as Chairman of the Board.

Taking into consideration Momentum Group's operations, stage of development, strategy and position, the Election Committee considers the composition of the proposed Board of Directors to be appropriate and characterised by diverse and broad expertise, experience and backgrounds. With respect to gender distribution, the proposed composition of the Board includes two women and four men.

The proposed changes to the Board of Directors – whereby the Board is enlarged by one person to six Directors and one woman and one man are proposed as new Directors, while one of the women currently on the Board has declined re-election – means de facto that the percentage of women Directors will fall from 40 percent today to 33 percent according to the proposal (even though the number of women Directors thus remains unchanged). The Election Committee is continually striving to achieve greater equality in terms of gender on the Board of Directors but is of the opinion that the proposed Board possesses the expertise and experience together with the general composition that suits Momentum Group's current needs best. The Election Committee is continuing to endeavour to achieve greater diversity and gender equality on the Board in compliance with rule 4.1 of the Swedish Corporate Governance Code (the "Code").

Christina Åqvist (born in 1978) holds a Master of Laws from Uppsala University. Christina Åqvist is currently a partner at Indequity and Chairman of the Board of Svenska Skrotaktiebolaget. Christina Åqvist previously served as President & CEO of Distrelec Group AG, Head of Retail & Greenfield Expansion at B&B TOOLS, a consultant at Boston Consulting Group, corporate lawyer focusing on corporate acquisitions at Advokatfirman Vinge and Director of Swedol AB.

Johan Eklund (born in 1991) holds a M.Sc. Econ. from the Stockholm School of Economics. Johan Eklund currently works as Investment Manager at Nordstjernan, for example with the development of the company's holdings in Rosti and Momentum Group. Johan Eklund previously worked as an analyst at Morgan Stanley.

The proposed composition of the Board of Momentum Group AB meets the requirement of the Code with respect to independent directors. With the exception of Johan Sjö and Johan Eklund, all of the Directors are considered independent in relation to the Company's major shareholders. All of the Directors are considered independent in relation to the Company and management.

Further information about the proposed Directors is available on Momentum Group's website, [www.momentum.group](http://www.momentum.group).

#### *Fees to Directors and the Chairman of the Board*

The Election Committee proposes unchanged fees per Director as follows:

- Fee for Directors elected by the Annual General Meeting: SEK 280,000 per Director (preceding year: SEK 280,000)
- Fee for Chairman of the Board: SEK 610,000 (preceding year: SEK 610,000)

As previously communicated by Momentum Group in its Interim Report for the first quarter of 2020/21 on 16 July 2020, the Board of Directors of Momentum Group AB intends to form a separate subsidiary Board of Directors following the acquisition of Swedol that will manage

and prepare integration issues in the Group's Tools, Consumables, Workwear & Protective Equipment business area. The proposed subsidiary Board of Directors will comprise two Directors elected by the Annual General Meeting together with the Chairman of the Board. In view of the above, a special Directors' fee is proposed for these Directors in the Parent Company who will also be members of the subsidiary Board of Directors – of SEK 300,000 for the Chairman of the Board and SEK 150,000 for other Directors (two individuals). The fee pertains remuneration for the time and extra work required by this Board assignment. The Board of Directors and Election Committee of Momentum Group AB underline that it is the Board of Directors as a whole, as elected by the Annual General Meeting, that remains fully responsible for the integration process.

Lastly, a special fee of SEK 50,000 (preceding year: SEK 50,000) is proposed for each member of the Compensation Committee (two individuals) and a fee of SEK 90,000 (preceding year: SEK 60,000) for the Chairman of the Audit Committee.

Directors may, by special arrangement with the Company and insofar as applicable legislation and prevailing jurisprudence so permit, invoice their fees plus social security contributions and value added tax from a company owned by the Director, or from their private business, provided that such payment is cost neutral for the Company.

*Election of a registered accounting firm and fees to auditors*

The Election Committee proposes the re-election of the registered accounting firm KPMG AB for the period until the end of the next Annual General Meeting. This proposal is in accordance with the recommendation of the Audit Committee.

It is proposed that fees be paid in accordance to approved invoices.

*Instructions for the Election Committee of Momentum Group AB (publ)*

The Election Committee's proposals for updated instructions for the Election Committee and its appointment are presented in Appendix 1.

Stockholm, July 2020

Election Committee of Momentum Group AB

*This document is in all respect a translation of the Swedish original. In the event of any differences between this translation and the Swedish original, the latter shall prevail.*

## **Appendix 1 –**

### **Instructions for the Election Committee of Momentum Group AB (publ)**

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The following instructions apply until further notice. These instructions, the current composition of the Election Committee and contact details to the Election Committee are at any given time to be available on the Company's website.

#### **1. Election Committee members**

The Company is to have an Election Committee. Election Committee members are to be nominated by the major shareholders in the Company, whereby the four largest shareholders in the Company, in terms of votes according to the shareholders' register maintained by Euroclear Sweden on the final banking day in February, are entitled to nominate one member each. If fewer than four members are nominated in accordance with the above, up to three additional shareholders, who are the next largest in terms of number of votes held, are to be contacted to nominate a member. If fewer than three members are nominated thereafter, other shareholders are to be offered, on the basis of voting rights, to nominate one member until a total of three members have been nominated (though, the Company is not obligated to contact more than three shareholders). The shareholder controlling most votes in the Company is entitled to nominate the Chairman of the Election Committee. The Chairman of the Board is to be a co-opted member of the Election Committee (without voting rights) and coordinates the nomination procedure.

The nominated members (including the Chairman of the Election Committee) are elected as members of the Election Committee by the Company's Annual General Meeting for the period up until the end of the next Annual General Meeting. The notice for the Annual General Meeting shall include the names of the nominated members.

When members are nominated and elected by the above procedure, the rules and regulations set out in the Swedish Corporate Governance Code on the composition of election committees are to be followed.

#### **2. Changes to the Election Committee**

Changes to the composition of the Election Committee may be made in the following cases.

- (a) A member wishes to step down early or cannot fulfil their duties or if a shareholder wishes to replace their nominated member, whereby a request is submitted to the Chairman of the Election Committee (or should the request apply to the Chairman, to another member of the Election Committee) and receipt thereof shall imply that the request has been executed.
- (b) A new shareholder replaces a shareholder who has nominated a member of the Election Committee, after which the new shareholder is entitled to replace the nominated member, or if other significant changes occur in ownership of the Company, whereby the Election Committee has the right to make an independent decision to dismiss and/or appoint additional members with the aim that the composition of the Election Committee shall reflect the ownership structure of the Company.
- (c) The Election Committee can offer vacant seats on the Election Committee to shareholders or members nominated by shareholders with the aim that the composition of the Election Committee shall reflect the ownership structure of the Company.

Any changes to the Election Committee are to be disclosed by the Company as soon as possible.

### **3. Duties of the Election Committee**

The Chairman of the Election Committee is to convene the Committee's first meeting.

Well in advance of the publication of the notice for the Annual General Meeting by the Board of Directors, the Election Committee is to prepare and submit to the Chairman of the Board the Election Committee's proposals for:

- (a) election of the Chairman of the Board of Directors and other Directors,
- (b) resolution regarding Directors' fees,
- (c) election of auditor
- (d) resolution regarding auditor fees,
- (e) election of the Chairman to preside over the Meeting, and
- (f) resolution regarding amendments to these instructions (if the Election Committee considers it necessary).

The Election Committee's proposals are to be presented in the notice for the Annual General Meeting. In conjunction to the publication of the notice for the Annual General Meeting by the Board of Directors, the Election Committee is to ensure that the Company publishes the Election Committee's proposals and explanatory statement on its website as well as information about how the Election Committee has performed its work.

The Election Committee is also to fulfil any other duties incumbent upon an Election Committee in accordance with the Swedish Corporate Governance Code.

### **4. Fees**

Fees are not to be paid to members of the Election Committee. The Election Committee has the right to charge the Company for expenses for recruitment consultants or other expenses required by the Election Committee to perform its duties.

### **5. Amendments to these instructions**

These instructions for the Election Committee are to apply until such time as a General Meeting of Shareholders in the Company resolves to amend them.

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