

# **Proposals by the Nomination Committee in respect of the Annual General Meeting 2018 in GARO Aktiebolag**

## **1. Resolutions and the composition of the Nomination Committee**

At the Annual General Meeting in GARO Aktiebolag (“**GARO**”) held on 4 May 2017, instructions for the establishing of a Nomination Committee were adopted to apply until further notice. The Nomination Committee shall be composed of members, representing the three largest shareholders in terms of voting rights registered in the shareholders’ register maintained by Euroclear Sweden as of 31 August each year, together with the Chairman of the Board.

The Nomination Committee in respect of the 2018 annual general meeting has comprised:

- Lars Kongstad, Mannheimer Swartling Advokatbyrå, appointed by Lars Svensson
- Ulf Hedlundh, appointed by Svolder AB
- Jan Särlvik, appointed by Nordea Investment Funds
- Anders Pålsson, in his capacity of Chairman of the Board of GARO

Lars Kongstad was elected Chairman of the Nomination Committee.

The Nomination Committee shall submit proposals regarding the election of chairman of the General Meeting, members of the Board of Directors, Chairman of the Board, auditor, fees for the members of the Board including division between the Chairman and the other Board members, as well as fees for committee work, fees to the company’s auditor and changes of the instructions to the Nomination Committee.

## **2. Proposals by the Nomination Committee in respect of the AGM**

The Nomination Committee makes the following proposals in respect of the 2018 AGM:

**Chairman of the AGM:** The Chairman of the Board, Anders Pålsson, shall be elected chairman of the AGM.

**Board of Directors:** The number of Board members shall be six, without deputies. Re-election shall be made of the Board members Rickard Blomqvist, Per Holmstedt, Stefan Jonsson and Lars Svensson and new election shall be made of Lars-Åke Rydh and Susanna Hilleskog. New election shall be made of Stefan Jonsson as the Chairman of the Board. Anders Pålsson and Sofia Axelsson have declined re-election.

For further information about the Board members proposed for new election, Lars-Åke Rydh and Susanna Hilleskog, please see Appendix A. Information about all Board members proposed for re-election is available on the company’s website, [www.garo.se](http://www.garo.se).

**Board and Committee fees:** Directors’ fees shall be paid by SEK 1,450,000 (previously SEK 850,000) of which SEK 450,000 to the Chairman of the Board (previously SEK 350,000) and SEK 200,000 (previously SEK 125,000) to each of the other Board members elected by the AGM who are not employed by the group.

In January 2018, the GARO share was moved up from the Nasdaq Stockholm Small Cap-segment to the Nasdaq Stockholm Mid Cap-segment. After a comparison of the board fees in GARO with the board fees in other comparable Mid Cap companies, the Nomination Committee has found that the proposed fees are on market terms and reasonable given the expected work effort and responsibility of the Board.

**Auditor:** The number of auditors shall be one without deputies. In accordance with the Board's and management's proposal, the registered audit firm Ernst & Young AB is proposed for re-election as the company's auditor for a period of one year until the end of the annual general meeting 2019. Ernst & Young AB has notified that the authorised public accountant Joakim Falck will be appointed principally responsible auditor, if Ernst & Young AB is elected as auditor by the AGM. The auditor's fee is proposed to be paid according to approved invoice.

### **3. Report on how the Nomination Committee has performed its tasks**

All members of the Nomination Committee have carefully considered and concluded that there is no conflict of interest to accept the assignment as member of the Nomination Committee of GARO.

Five meetings have been held by the Nomination Committee. In addition, the Nomination Committee has had contact via telephone and email. The Nomination Committee has received a presentation from the Chairman of the Board concerning the results of the evaluation of the Board of Directors, and has thereto conducted interviews with all members of the Board of Directors and with the CEO of GARO. The Nomination Committee has further taken note of the Board of Directors' and the management's recommendation regarding election of auditor.

In view of two Board members having declined re-election, the Nomination Committee has conducted a recruitment process, including, among other things, interviews with a number of potential Board member candidates.

The Nomination Committee has considered all tasks stated in the Swedish Corporate Governance Code under the responsibility of the Nomination Committee. The Nomination Committee has discussed and considered, inter alia, (i) to what extent the current Board of Directors fulfils the requirements that will be imposed on the Board of Directors as a result of GARO's business and development phase, (ii) the size of the Board of Directors, (iii) the different areas of competence that are and should be represented on the Board of Directors, (iv) the composition of the Board of Directors with respect to experience, gender and background, (v) remuneration to the members of the Board of Directors and (vi) questions relating to election of auditor and the auditor's fee. The Nomination Committee has applied rule 4.1 in the Swedish Corporate Governance Code as diversity policy, entailing that the Board Of Directors shall, taking into account the company's business, phase of development and other relevant circumstances, have a suitable composition characterised by diversity and breadth of qualifications, experience and background among the Board members elected by the general meeting, as well as that an equal gender distribution shall be sought.

Finally, the Nomination Committee has, in order for the company to fulfil its information obligation to the shareholders, informed the company on how the Nomination Committee has performed its tasks and on the proposals that the Nomination Committee presents.

#### **4. Motivated statement by the Nomination Committee on the proposed Board of Directors**

The Nomination Committee is of the opinion that the existing Board of Directors of GARO is a well-functioning body and that the Board members individually and as a group possesses a wide range of competence and experience that is relevant for GARO's business.

The Nomination Committee has assessed the number of Board members and found that Board's current composition of six members is suitable considering, *inter alia*, the company's current challenges, operations and geographical market range. Furthermore, the evaluation and the interviews conducted has strengthen the opinion that number of Board members is an effective and well-functioning number.

The Nomination Committee considers that the members of the Board of Directors of GARO are competent and have extensive experience regarding electrical installations, temporary power and EV charging in a broad sense, sustainability matters, capital market matters and financing matters, wholesale stages, customer service and changed customer behaviors, trend analysis, insight in transformation trends at business partners, communication and marketing and regarding board work in general. The Board members have demonstrated a high level of commitment and the attendance rate at Board meetings has been high. The way in which the presidency has been managed is deemed to ensure an open and constructive dialogue within the Board as well as a very good climate of cooperation between the Board of Directors and the CEO. Therefore, the Nomination Committee considers that the current Board members together constitute a Board which has the diversity and breadth of competence, experience and background required with respect to GARO's business, development phase and other circumstances.

The question of equal gender distribution on the Board should be given specific attention in relation to election of Board members. The proposed Board members comprise one woman and five men (equivalent to approximately 17 and 83 per cent, respectively). The Nomination Committee's opinion is that the current gender distribution is still not satisfactory.

The Nomination Committee is of the opinion that the Board's need for competence is of great importance at the moment and therefore finds it important for GARO to supplement existing competence in the Board with the experience and knowledge of Lars-Åke Rydh and Susanna Hilleskog. Lars-Åke Rydh has extensive experience of board assignments in publicly listed companies and international businesses. Susanna Hilleskog has extensive operational experience of marketing and sales oriented businesses, international business and board assignments.

In consideration hereof, the Nomination Committee has proposed new election of Lars-Åke Rydh and Susanna Hilleskog, re-election of Rickard Blomqvist, Per Holmstedt, Stefan Jonsson and Lars Svensson and new election of Stefan Jonsson as Chairman of the Board. Stefan Jonsson has previously been the President and CEO of GARO and the Nomination Committee therefore deems that he has good experience and knowledge of the industry in which GARO conducts its operations.

In addition, the Nomination Committee has assessed the independence of the Board members. The Nomination Committee believes that its proposal regarding the composition of the Board in GARO fulfils the requirements of independence as stipulated in the Swedish Corporate Governance Code. In order to be able to evaluate the proposed members of the Board of Directors' independence in relation to GARO and its executive management, as well as to the larger shareholders in GARO, the Nomination Committee has obtained information on the proposed members of the Board of Directors. The Nomination Committee deems that all proposed Board members – except for Stefan Jonsson and Lars Svensson – are to be regarded as

independent in relation to GARO and the executive management. Three of the Board members are also to be regarded as independent in relation to major shareholders in GARO.

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March 2018

**The Nomination Committee of GARO Aktiebolag**

**Appendix A****Lars-Åke Rydh (born 1953)**

<b>Principal education:</b>	M.Sc. in Engineering.
<b>Work experience:</b>	Former President and CEO of Nefab AB and Chairman of the Board of OEM International.
<b>On-going assignments:</b>	Lars Åke serves as Chairman of the Board of Danfo AB, Plastprint AB, Schuchardt Maskin AB and Prototypen AB and as Board member of Nefab AB, HL Display AB, Söderbergsföretagen AB, Investment AB Chiffonjén and Östrand & Hansen AB.
<b>Holding in GARO:</b>	5,000 shares.

*The Nomination Committee deems that Lars-Åke Rydh is to be regarded as independent in relation to major shareholders in GARO and in relation to GARO and the executive management.*

**Susanna Hilleskog (born 1963)**

<b>Principal education:</b>	M.Sc. in Business and Economics.
<b>Work experience:</b>	Susanna has held leading positions within Akzo Nobel and the Trelleborg group and has served as Board member of ProfilGruppen AB (publ).
<b>On-going assignments:</b>	Susanna is the CEO of Trelleborg Wheel Systems Nordic AB and serves as Board member of BIM Kemi AB and Gullberg & Jansson AB (publ).
<b>Holding in GARO:</b>	0 shares.

*The Nomination Committee deems that Susanna Hilleskog is to be regarded as independent in relation to major shareholders in GARO and in relation to GARO and the executive management.*