

MEETING DATE	Thu, 26 Apr 2018 15:30	TYPE	AGM	ISSUE DATE	Fri, 13 Apr 2018
MEETING LOCATION	Moderna Museet, Skeppsholmen, Stockholm, Sweden				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Building Materials & Fixtures				

PROPOSALS		ADVICE
1	<b>Open Meeting</b> Non-voting agenda item	Non-Voting
2	<b>Elect Chairman of Meeting</b> Non-voting agenda item	Non-Voting
3	<b>Prepare and Approve List of Shareholders</b> Non-voting agenda item	Non-Voting
4	<b>Approve Agenda of Meeting</b> Non-voting agenda item	Non-Voting
5	<b>Designate Inspector(s) of Minutes of Meeting</b> Non-voting agenda item	Non-Voting
6	<b>Acknowledge Proper Convening of Meeting</b> Non-voting agenda item	Non-Voting
7	<b>Receive President's Report</b> Non-voting agenda item	Non-Voting
8.A	<b>Receive Financial Statements and Statutory Reports</b> Non-voting agenda item	Non-Voting
8.B	<b>Receive Auditor's Report on Application of Guidelines for Remuneration for Executive Management</b> Non-voting agenda item	Non-Voting
8.C	<b>Receive Board's Proposal on Distribution of Profits</b> Non-voting agenda item	Non-Voting
9.A	<b>Approve Financial Statements</b> Non-financial information has not been disclosed. The EU Non-Financial Reporting Directive stipulates that member states are required to disclose a non-financial statement containing relevant information as prescribed in the directive. Although companies are allowed to publish such statement until six months after the end of the financial year, it is considered that it should be disclosed to all shareholders in occasion of the annual general meeting.	For
9.B	<b>Approve the Dividend</b> The Board proposes a dividend of SEK 3.30 per share. The dividend is covered by earnings. Acceptable proposal.	For
9.C	<b>Discharge the Board</b> Standard resolution. Under the new Whistleblowing Act in Sweden, companies are to adopt internal whistleblowing procedures. No sanctions are provided for companies found in non-compliance, yet employees may be allowed to sue companies for damage, in case of retaliation. As the Company does not discuss the new Whistleblowing Act and does not seem to have implemented a whistleblowing hotline, it is considered that the Company may be exposed to serious legal risks and discharge should not be supported.	For
10	<b>Set the Number of Board Directors</b> The Nomination Committee proposes to set the number of Directors to be elected on the Board to eight Directors and no deputy members. This complies with the minimum requirement under Swedish Companies Act 8 Chap para. 46 of three Directors. A vote in favour is recommended.	For

<b>11.A</b>	<b>Approve Fees Payable to the Board of Directors</b> It is proposed to increase the amount payable to the Board of Directors by less than 10% on annual basis. Within recommended guidelines.	<b>For</b>
<b>11.B</b>	<b>Allow the Board to Determine the Auditor's Remuneration</b> Standard resolution. Companies have legal duties to pay the auditors for their work.	<b>For</b>
<b>12.A</b>	<b>Reelect Lars Renstrom (Chairman), Carl Douglas (Vice Chair), Ulf Ewaldsson, Eva Karlsson, Birgitta Klasen, Sofia Schorling Hogberg and Jan Svensson as Directors; Elect Lena Olving as New Director</b> Proposal to renew the Board with a bundled election. There is insufficient independent representation on the Board after the meeting as resulting from this slate of candidates, opposition is recommended.	<b>Oppose</b>
<b>12.B</b>	<b>Appoint the Auditors</b> PwC proposed. Non-audit fees represented 80.77% of audit fees during the year under review and 69.01% on a three-year aggregate basis. This level of non-audit fees raises major concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	<b>Oppose</b>
<b>13</b>	<b>Elect the Nomination Committee</b> The Company proposes that the Nomination Committee shall consist of the representatives of the five major shareholders and the Chairman of the Board, who is not the Chair of the Committee. In accordance with Code recommendations, Triodos supports this resolution.	<b>For</b>
<b>14</b>	<b>Approve Remuneration Policy</b> It is proposed to approve the remuneration policy. Variable remuneration appears to be consistently capped, and the payout is in line with best practice. However, the Company has not disclosed quantified targets for the performance criteria of its variable remuneration component, which as a consequence may lead to overpayment against underperformance. In addition, there are no claw back clauses in place over the entirety of the variable remuneration component which makes it unlikely that shareholders will be able to reclaim any variable remuneration unfairly paid out. Triodos opposes this resolution.	<b>Oppose</b>
<b>15*</b>	<b>Authorize Class B Share Repurchase Program and Reissuance of Repurchased Shares</b> Authority sought to allow the Board to repurchase and use capital stock within legal boundaries. The authority exceeds 5% of the share capital. As the Company has not duly provided an explanation regarding the rationale behind the proposal, Triodos opposes this resolution.	<b>Oppose</b>
<b>16*</b>	<b>Approve New Executive Share Option Scheme</b> The Board proposes the approval of a new executive incentive plan. Under the plan, participants will be allotted shares or rights to shares. Performance targets have not been quantified at this time. which makes an informed assessment impossible and may lead to (partial) payment against (partial) failure. LTIP based schemes are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the Company (creating capital and - lawful - dividends). They act as a complex and opaque hedge against absolute Company underperformance and long-term share price falls. They are also a significant factor in reward for failure.	<b>Oppose</b>
<b>17</b>	<b>Close Meeting</b> Non-voting agenda item <i>* = Special resolution</i>	<b>Non-Voting</b>

## SUPPORTING INFORMATION FOR RESOLUTIONS

### Proposal 11.A - Approve Fees Payable to the Board of Directors

Fees to the Board of Directors shall amount to a total of SEK 6,780,000 (remuneration for committee work not included) to be distributed among the members of the Board of Directors as follows; SEK 2,100,000 to the Chairman, SEK 900,000 to the Vice Chairman and SEK 630,000 to each of the other members of the Board of Directors elected by the Annual General Meeting. As remuneration for the committee work, the Chairman of the Audit Committee is to receive SEK

275,000, the Chairman of the Remuneration Committee SEK 150,000, members of the Audit Committee (the Chairman excluded) SEK 200,000 each, and members of the Remuneration Committee (the Chairman excluded) SEK 75,000 each.

### **Proposal 13 - Elect the Nomination Committee**

According to the recommendations of the Corporate Governance Code, the Nomination Committee is to have at least three members, one of whom is to be appointed committee chair. The majority of the members of the Nomination Committee are to be independent of the Company and its executive management. At least one member of the Nomination Committee is to be independent of the Company's largest shareholder in terms of votes or any group of shareholders who act in concert in the governance of the Company. Neither the chief executive officer nor other members of the executive management are to be members of the Nomination Committee. Neither the Chairman of the board nor any other member of the Board may chair the Nomination Committee. If more than one member of the board is on the Nomination Committee, no more than one of these may be dependent of a major shareholder in the Company.

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