

Proposals and Statement by the Nomination Committee of Lifco AB in respect of the Annual General Meeting 2016

1. Background

At the AGM 2015, principles for the establishment of a Nomination Committee were adopted, entailing that the Nomination Committee shall consist of the Chairman of the Board, representatives of each of the Company's five largest shareholders per 31 August 2015 and one representative of the minor shareholders. The Nomination Committee in respect of the 2016 AGM consists of Carl Bennet (*Carl Bennet AB*), Anna-Karin Celsing (*representative of minority shareholders*), Per Colleen (*the Fourth National Swedish Pension Fund*), Hans Hedström (*Carnegie Funds*), Marianne Nilsson (*Robur Swedbank Funds*) and Adam Nyström (*Didner & Gerge Funds*). The composition of the Nomination Committee in respect of the 2016 AGM was announced on 3 November 2015 and all shareholders have had the possibility to approach the Nomination Committee with nomination proposals.

The Nomination Committee shall submit proposals concerning the election of the Chairman of General Meetings, the election of the Chairman of the Board and other members of the Board, the election of auditors, as well as fees to be paid to the Board and auditors.

2. Proposals by the Nomination Committee

The Nomination Committee makes the following proposals in respect of the 2016 AGM:

Chairman of the AGM: The Chairman of the Board, Carl Bennet, shall be elected chairman of the Meeting.

Board of Directors: The number of Board members elected by the General Meeting shall be nine, without deputy members. Carl Bennet, Gabriel Danielsson, Ulrika Dellby, Erik Gabrielson, Ulf Grunander, Fredrik Karlsson, Johan Stern and Axel Wachtmeister shall be re-elected as Board members. Annika Espander Jansson shall be elected new member of the Board. Carl Bennet shall be re-elected as Chairman of the Board.

For additional information concerning Annika Espander Jansson, see Appendix A. Information concerning all members proposed for re-election is available on the company's website, www.lifco.se.

Board and Committee fees: Board fees, excluding remuneration for Committee work, shall be paid in a total of SEK 5,175,000, of which SEK 1,150,000 to the Chairman and SEK 575,000 to each of the other Board members elected by the General Meeting who are not employees of the Group. Work in the Audit Committee shall be compensated with SEK 168,000 to the Chairman and SEK 84,000 to each of the other members, and work in the Remuneration Committee shall be compensated with SEK 126,000 to the Chairman and SEK 63,000 to each of the other members.

Auditor: The Company shall have one auditor without any deputies. The registered auditing company PricewaterhouseCoopers AB shall be re-elected for the period until the end of the AGM 2017. Fees to the auditor shall be paid in accordance with approved invoices.

3. Statement by the Nomination Committee on the proposed Board of Directors

Ahead of the 2016 AGM, the Nomination Committee has held two meetings at which minutes were kept. As a basis for its work, the Nomination Committee has reviewed the annual accounts for the company's operations in 2015. Further, the Nomination Committee has reviewed nomination proposals received and the evaluation made by the Board and its work. The evaluation revealed that the current Board members represent a broad spectrum of expertise with sound industry knowledge and extensive financial know-how with regard to international conditions and markets. The evaluation also showed that the attendance rate at Board meetings was high and that all Board members demonstrated a high level of commitment.

Based on the results of the evaluation reviewed by the Nomination Committee, and the demands placed on the Board as a result of Lifco's position and future focus, the Nomination Committee proposes that the number of Board members elected by the General Meeting shall be nine, without deputies, and that Carl Bennet (Chairman of the Board), Gabriel Danielsson, Ulrika Dellby, Erik Gabrielson, Ulf Grunander, Fredrik Karlsson, Johan Stern and Axel Wachtmeister shall be re-elected as Board members. Annika Espander Jansson shall be elected new member of the Board.

The Nomination Committee is of the opinion that the proposal entails a Board composition that will continue to be appropriate to the company's operations, phase of development and other relevant circumstances as well as exhibit diversity and breadth of qualifications, experience and background, as set out in rule 4.1 of the Swedish Code of Corporate Governance (the "Code").

The Nomination Committee strives for equal gender distribution on the Board. The proposed Board members comprise two women and seven men (equivalent to 22.2 and 77.8 per cent, respectively). As per 31 December 2015, the percentage of women on all Swedish listed company boards amounted to 28.9 per cent (32.9 per cent in the so-called Large Cap companies).¹ In April 2014, the Swedish Corporate Governance Board published certain aspiration levels concerning gender distribution in the boards of listed companies, namely at least 40 per cent of each gender after General Meetings held in 2020 and at least 35 per cent of each gender in major companies after the General Meetings in 2017 (in both cases exclusively of employee representatives). The issue of equal gender distribution should be given particular attention in connection with the election of new board members. The Nomination Committee proposes Annika Espander Jansson to be elected new member of the Board. She has extensive experience from executive positions within both the pharmaceutical industry and the financial markets. The Nomination Committee is of the opinion that the continuity of the board work is of vital importance and proposes re-election of all other board members elected at the General Meeting and re-election of the Chairman of the Board.

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 Lifco fulfils the requirements of independence as stipulated in the Code. In preparing its proposal, the Nomination Committee has considered that Fredrik Karlsson, in his capacity as CEO, is to be regarded as dependent in relation to the Company and the executive management, and that Carl Bennet and Johan Stern as representative of and Board member in, respectively, Lifco's principal owner Carl Bennet AB, are to be regarded as dependent in relation to major shareholders. The Nomination Committee deems the other proposed Board members – Gabriel Danielsson, Ulrika Dellby, Annika Espander Jansson, Erik Gabrielson², Ulf Grunander, Axel Wachtmeister – to be independent in relation to the company and the executive management as well as the major shareholders.

Stockholm in February 2016

The Nomination Committee of Lifco AB (publ)

¹ Statistics compiled by SIS Ägarservice on behalf of the Swedish Corporate Governance Board (refers to board members elected at General Meetings).

² The Board member Erik Gabrielson is partner in the law firm Vinge which provides legal services to both Lifco AB and Carl Bennet AB. Erik Gabrielson is also, since February 2016, Chairman of the Board in Lifco's subsidiaries Eldan Recycling A/S and Redoma Recycling AB. The Nomination Committee deems that Erik Gabrielson, despite this, is independent in relation to the Company and the executive management as well as the major shareholders.

Appendix A

Annika Espander Jansson (born 1964)

Relevant education: BSc (chemistry) and MBA

Professional experience: Annika Espander Jansson has 25 years' experience as an analyst and investor, as well as from executive positions within the financial markets and the pharmaceutical industry. She is the founder of Asperia AB and has been the CEO since 2013. From 2010 to 2013, she was Chief of Private Banking at Handelsbanken and Chairman of the Board of SHB Luxembourg. She has previously held executive positions at, among other companies, Catella Healthcare/Esperio AB in Stockholm and at Enskilda Securities.

Present assignments: Director of the Boards of Elekta AB, Esperio AB, Asperia AB and Symphogen AS.

Shareholdings in Lifco AB: -

The Nomination Committee deems Annika Espander Jansson to be independent in relation to the major shareholders as well as the company and the executive management.