Beijer Ref AB Election Committee’s explanatory statement regarding the proposal for election of the Board of Directors at the Annual General Meeting 2019

In accordance with the resolution passed by the 2018 Annual Meeting of shareholders, the following members were appointed to the Election Committee ahead of the 2019 Annual General Meeting of shareholders: Johan Strandberg, Chairman (SEB Fonder), Arne Lööw (Fjärde AP-fonden), Joen Magnusson (own holding), Bernt Ingman (Chairman of Beijer Ref) and Muriel Makharine (United Technologies).

The Election Committee’s proposal to the Annual Meeting of shareholders

- Beijer Ref’s Chairman Bernt Ingman is proposed as Chairman of the Annual General Meeting.

- The number of members of the Board is proposed to remain seven.

- It is proposed re-election of Bernt Ingman, Joen Magnusson, Peter Jessen Jürgensen, Monica Gimre, Frida Norrbom Sams and William Striebe as board members.

- It is proposed that Chris Nelson is elected as Board Member

- It is proposed re-election of Bernt Ingman as Chairman of the Board of Directors.

- Remuneration shall be paid as follows:

SEK 720,000 to the Chairman (2018: 610.000)

SEK 350,000 to Board Members (2018: 310.000)

SEK 75,000 to the Chairman of the Audit Committee (2018: 75.000)

SEK 50,000 to Members of the Audit Committee (2018: 50.000)

In total: SEK 2,120,000 excluding remuneration for Committee work

Board Members employed by the UTC Group will not be paid remuneration.

- The Election Committee further proposes, the re-election of the registered accounting firm PricewaterhouseCoopers AB, with authorized public accountant Cecilia Andrén Dorselius as auditor in charge.

- The Election Committee proposes that the Auditors´ fee shall be paid on the basis of approved invoice.

The Election Committee’s justified statement over its proposal for Board of Directors

In the election work for this year’s AGM, the Election Committee has made an assessment of the composition and size of the current Board as well as Beijer Ref operations, it’s phase of development and conditions in general. Furthermore, the Election Committee has discussed the Board of Directors’ diversity and composition relating to industry experience, competence, gender distribution, and international experience. As a basis for its decision, the Election Committee has taken note of the Chairman's statement of the board's work, studied the results of the external board evaluation and interviewed all Board members.

To replace Ross B Shuster, who is not standing for re-election, the Election Committee has deemed it desirable to supplement the Board of Directors with an international member with broad industry experience and experience of sales and leadership. Chris Nelson was born 1970 and is President, Commercial HVAC, for Carrier Corporation, leading the global commercial HVAC product and service portfolio. He has more than 24 years of sales and general management experience and is employed in UTC/Carrier since 2004. Chris holds a bachelor’s degree from the University of Notre Dame and a master’s degree in business from Cornell University and held leadership roles within the U.S. Army, Johnson & Johnson and McKinsey & Company. Chris Nelson is independent in relation to Beijer Ref and its management but dependent in relation to the company’s largest shareholder.

It is the Election Committee´s opinion that Chris Nelson´s experience responds well to the wanted competence profile.

The Election Committee has noted that the Board has a high attendance at board meetings and the Board evaluation shows that members of the Board are well prepared for meetings. Two out of seven of the proposed Directors of the Board to be elected at the shareholders’ meeting are women.

The Election Committee has before the AGM 2019 held four meetings. After its evaluation, the Election Committee has found that the board work functions well. The Election Committee considers that the composition and the size of the proposed Board is appropriate to meet Beijer Refs needs. The Election Committee has also assessed that the proposed Board members will be able to devote the necessary time required to fulfil their tasks as Board members in Beijer Ref.

The Election Committee has applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy in its election work. The Election Committee considers that a breadth and versatility as regards age, nationality, educational background, gender, experience, competences and the term of office is represented among the proposed Directors of the Board. The Election Committee believes that diversity is vital and that it is important that coming Election Committees continue to work actively to achieve a gender balance in the Board.

It is noted that the Election Committee has found that the proposed Board is considered to be in compliance with relevant requirements for independence.

The Election Committee has discussed the level and structure of the Board compensation and board fees compared with fees in in similar companies. Against this background the Election Committee proposes an increase of the Board fees as a market adjustment. The fee for members of the Audit Committee is proposed to remain unchanged.

The Election Committee has reviewed the current instructions for the Election Committee, which were resolved by the Annual General Meeting 2014, and has decided that no changes will be proposed