



The Nominating Committee's reasoned opinion regarding proposals for the election of the Board of Directors of Recipharm AB (publ) at the Annual General Meeting to be held on 10 Maj 2017

Background

In accordance with the resolution at the Annual General Meeting of Recipharm in 2016, a Nomination Committee has been established consisting of representatives of the three largest shareholders or owner groups who have notified that they wish to appoint a representative to the Nomination Committee together with the Chairman of the Board of Directors. The Nomination Committee consists of Axel Calissendorff, Chairman of the Nomination Committee (appointed by Flerie Participation AB), Lars Backsell (Chairman of Recipharm), Johan Lannebo (appointed by Lannebo Fonder) and Ossian Ekdahl (appointed by Första AP-Fonden). The members of the Nomination Committee represent or is appointed by shareholders who represent in total approximately 84 percent of all votes in Recipharm. The principles for establishing the Nomination Committee and the composition of the Nomination Committee are in accordance with the Swedish Code of Corporate Governance, as applicable from 1 December 2016.

The Nomination Committee's proposal for the Board of Directors

- The number of Directors is proposed to be eight with no deputy directors
- Re-election of Marianne Dicander Alexandersson (member since 2014), Lars Backsell (member since 1994), Carlos von Bonhorst (member since 2015), Anders G. Carlberg (member since 1995), Thomas Elderred (member since 1994), Helena Levander (member since 2016), Wenche Rolfsen (member since 2016) and Tony Sandell (member since 1995)
- Re-election of Lars Backsell as Chairman of the Board of Directors

Reasoned Opinion

The Nomination Committee has conducted its work involving five meetings where minutes have been kept, including two telephone conferences, review of a completed evaluation of the work of the Board of Directors and individual interviews with the current members of the Board of Directors.

To assess the demands that will be placed on the Board of Directors in view of the chosen strategies and visions, the Nomination Committee has discussed the size and composition as regards, *inter alia*, industry experience, expertise, international experience and diversity, including the interest of diversity and gender balance. The Committee has also, after interviewing each of the proposed board members, made an assessment in respect of each proposed board member's ability to devote enough time and commitment for the assignment. The Nomination Committee has noted that the board members, during the previous term of office, have had a satisfactory high attendance rate and that they had been well prepared for the board meetings. An important stand point has been the principle that the composition of the Board of Directors should reflect and allow for the different skills and experiences required for Recipharm's ownership philosophy and long-term ownership commitment.

As a basis for its work, the Nomination Committee performed an evaluation of the Board of Directors and its work and considered the Chairman's statement regarding the Company's operations, objectives and strategies.

The composition of the proposed members of Board of Directors has in each case and overall been proposed on the basis of what is deemed to be in the interest of all shareholders. This has been the general aspect that has guided the work of the Nomination Committee. The Committee believes that the proposed composition of the Board of Directors is characterized by diversity and breadth of the proposed board members' expertise and experience in relevant areas for Recipharm. The Nomination Committee has taken into account the need for proper functioning of the Board in relation to diversity in several respects, such as industry experience, nationality and gender. With particular regard to gender balance, the Nominating Committee would like to emphasize that the European Commission's proposal from 2012, that the underrepresented sex should constitute at least 40% of the non-executive members of listed companies by 2020, was already reached by the board election at the Annual General Meeting 2016 and will be achieved also at the Annual General Meeting 2017 if the general meeting votes in accordance with the Nomination Committee's proposal.

The proposals regarding the Board of Directors of Recipharm comply with the Swedish Code of Corporate Governance in respect of independence of the board members. All board members, except for Lars Backsell and Thomas Eldered, are deemed independent of the Company and its management. The other proposed board members are Marianne Dicander Alexandersson, Carlos von Bonhorst, Anders G Carlberg, Helena Levander, Wenche Rolfsen and Tony Sandell. All of these other proposed board members are, according to the Nomination Committee, independence also in relation to major shareholders of the Company.