



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 14 May 2018

Background

In accordance with the resolution at the Annual General Meeting of Recipharm in 2017, 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 83 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 seven 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 Eldered (member since 1994), Helena Levander (member since 2016) and Wenche Rolfsen (member since 2016)
- Tony Sandell (member since 1995) has declined re-election
- Re-election of Lars Backsell as Chairman of the Board of Directors

Reasoned Opinion

The Nomination Committee has conducted its work involving six meetings where minutes have been kept, 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 have 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, in addition to the evaluation of the Board of Directors and its work, has reviewed the Company's sustainability report and the Company's head of sustainability has explained the main features of the Company's sustainability operations to the Nomination Committee. The Nomination Committee also 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 the Board of Directors was re-elected in 2017. The goal will be achieved also at the Annual General Meeting 2018 if the general meeting votes in accordance with the Nomination Committee's proposal. Each sex will then correspond to 50 % of the members who are not employed by the Company.

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 and Wenche Rolfsen. All of these other proposed board members are, according to the Nomination Committee, independent also in relation to major shareholders of the Company.