

## NOTICE CONVENING THE ANNUAL GENERAL MEETING OF LIFCO AB

The shareholders of **Lifco AB (publ)**, org nr 556465-3185, are hereby invited to attend the Annual General Meeting (AGM) to be held on Wednesday 24 June 2020, at 11.00 a.m. CEST at World Trade Center, Klarabergsviadukten 70 in Stockholm, Sweden.

### Information in relation to COVID-19

In light of the current spread of infection of the COVID-19 virus, Lifco has decided on the following measures in order to reduce the risk of infection among shareholders and other persons who will attend the AGM:

- Registration starts at 10:30 a.m. CEST.
- No mingle will take place following the AGM and no food nor drinks will be served.
- No products will be handed out.
- The Board of Directors and Group Management will not be present with a few exceptions, including the Chairman of the Board and the CEO.
- The number of officers and employees present at the meeting will be minimized.
- External guests are not invited.
- The CEO's report will be shortened.
- Our officials will arrange the logistics at the AGM in such a way as to minimize the risk of infection.
- In light of the risk of infection, the Company advises that shareholders do not attend the AGM in person and recommends that they participate by means of postal voting. See below for more information about postal voting.

Lifco is monitoring the development regarding COVID-19 closely and the advice and regulations from the authorities, and will publish updated information regarding the AGM on this website when necessary.

### Right to attend

Shareholders who wish to attend the AGM must be recorded in the register of shareholders maintained by Euroclear Sweden AB on Wednesday 17 June 2020 and notify the Company of their intention to participate in the meeting not later than on Wednesday 17 June 2020.

Shareholders who have trustee-registered their shares must re-register the shares with Euroclear Sweden AB in their own name to be entitled to participate in the meeting. Such registration, which may be temporary, must be completed on Wednesday 17 June 2020. Accordingly, shareholders must inform the trustee of this request in ample time prior to this date.

## Notice of attendance

Notice of attendance shall be made in one of the following ways:

- by submitting a postal voting form, see below for more information;
- on Lifco’s website [lifco.se](http://lifco.se);
- by telephone +46 (0)8-402 92 82; or
- in writing to Lifco AB, Attn: “AGM”, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden.

The notice shall state name, address, telephone number, personal or corporate identity number, number of shares held and, if applicable, the number of advisors (not more than two). An entrance card to be shown when registering for the AGM will be sent in confirmation of the notice of attendance. Shareholders represented by proxy shall issue a dated and signed power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or corresponding document shall be appended, which indicates the authorized signatories of the legal entity. The original power of attorney and, where applicable, the certificate should be submitted to the Company at the address indicated above well in advance of the meeting. Proxy forms are provided at the website [lifco.se](http://lifco.se), and will be sent to shareholders that so request.

## Postal voting

Shareholders are recommended to exercise their voting rights by voting in advance using postal voting. A special form must be used for postal voting, which is available at the website [lifco.se](http://lifco.se). Shareholders do not need to submit a separate registration when voting by post; a completed and signed postal voting form is valid as registration to participate in the AGM.

The form is signed electronically by using Swedish ‘BankID’ at the website [lifco.se](http://lifco.se). To be valid as a registration for the AGM, such electronic signature must be registered by Wednesday 17 June 2020.

If the shareholder is a legal entity, the form for postal voting found at the website [lifco.se](http://lifco.se) should be used. The completed form is signed by authorized signatory and sent by post to Lifco AB, Attn: “AGM”, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden or by e-mail to [GeneralMeetingService@euroclear.eu](mailto:GeneralMeetingService@euroclear.eu). Proof of registration or other authorisation document must be enclosed with the form. The same procedure applies for shareholders voting in writing or by proxy in advance. The form of postal voting shall be provided to Lifco not later than Wednesday 17 June 2020.

Shareholders may not assign specific instructions or conditions to voting in advance. If so, the votes will be deemed to be invalid. Additional instructions are provided in the postal voting form.

## Proposal for agenda

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of the voting list

4. Approval of the agenda
5. Election of one or two persons to approve the minutes
6. Determination of compliance with the rules of convocation
7. Presentation of
  - a) the Annual Report and the Auditors' Report
  - b) the Consolidated Accounts and the Group Auditors' Report
  - c) the statement by the auditor on compliance of the Guidelines for Remuneration to Senior Executives applicable since last AGM
  - d) the Board's proposal for distribution of the Company's profit and the Board's reasoned statement thereon
8. Report on the work of the Board of Directors, including the work and functions of the Remuneration Committee and the Audit Committee
9. The CEO's report
10. Resolution regarding the adoption of the Income Statement and the Balance Sheet as well as the Consolidated Income Statement and the Consolidated Balance Sheet
11. Resolution regarding dispositions in respect of the Company's profit according to the adopted Balance Sheet
12. Resolution regarding discharge from liability for the Board of Directors and the CEO
13. Establishment of the number of board members and auditors
14. Establishment of fees to the Board of Directors (including fees for work in Committees) and the auditor
15. Election of the Board of Directors and Chairman of the Board
  - a) Re-election of Carl Bennet;
  - b) Re-election of Ulrika Dellby;
  - c) Re-election of Erik Gabrielson;
  - d) Re-election of Ulf Grunander;
  - e) Re-election of Annika Espander Jansson;
  - f) Re-election of Johan Stern;
  - g) Re-election of Axel Wachtmeister;
  - h) Re-election of Per Waldemarson;
  - i) New election of Dan Frohm;
  - j) New election of Caroline af Ugglas, and
  - k) Re-election of Carl Bennet as Chairman of the Board
16. Election of auditor
17. Resolution regarding principles for the Nomination Committee's appointment and instructions for the Nomination Committee
18. Resolution regarding Guidelines for Remuneration to Senior Executives
19. The Board of Directors' proposal on amendment of the Articles of Association
20. Closing of the Meeting

### **Proposals by the Nomination Committee (items 2 and 13–16)**

The Nomination Committee in respect of the 2020 AGM consists of Carl Bennet (*Carl Bennet AB*), Chairman, Per Colleen (*the Fourth National Swedish Pension Fund*), Adam Gerge (*Didner & Gerge Funds*), Hans Hedström (*Carnegie Funds*) and Marianne Nilsson (*Swedbank Robur Funds*).

The Nomination Committee has proposed the following:

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

**Board of Directors:** The number of board members elected by the General Meeting shall be ten, with no deputies. As board members, re-election shall be made of Carl Bennet, Ulrika Dellby, Erik Gabrielson, Ulf Grunander, Annika Espander Jansson, Johan Stern, Axel Wachtmeister and Per Waldemarson. Dan Frohm and Caroline af Ugglas shall be elected new members of the Board. Carl Bennet is to be re-elected Chairman of the Board.

**Board members proposed for new election:** Dan Frohm, born 1981, is CEO of DF Advisory LLC and Director of the Boards of Arjo AB, Carl Bennet AB, Elanders AB, Getinge AB and Swedish-American Chamber of Commerce, Inc. He holds a M.Sc. in Industrial Engineering and has previously served as management consultant at Applied Value LLC in New York. Dan Frohm and related parties hold 50,618 class B shares in Lifco. He is independent in relation to the company and the company's management, but not in relation to the company's major shareholder.

Caroline af Ugglas, born 1958, is Deputy Managing Director of the Confederation of Swedish Enterprise and Director of the Boards of AMF and Beijer Alma AB. She holds a degree in economics from Stockholm University and has previously served as Head of Equities at Livförsäkrings AB Skandia as well as Director of the Boards of Acando AB, Connecta AB, Lindab International AB and Investment AB Latour. Caroline af Ugglas and related parties hold 1,000 class B shares in Lifco. She is independent in relation to the company and the company's management as well as in relation to the company's major shareholders.

Information concerning all members proposed for re-election is available on the company's website [lifco.se](http://lifco.se).

**Board and committee fees:** Fees for the Board of Directors, excluding fees for Board Committees, shall be paid in a total amount of SEK 6,350,000, of which SEK 1,270,000 for the Chairman and SEK 635,000 to each of the other Board members elected by the General Meeting who are not employees of the Group. Fees for work in the Audit Committee shall be paid in an amount of SEK 250,000 for the Committee Chairman and SEK 125,000 for each of the other members. Fees for work in the Remuneration Committee shall be paid in an amount of SEK 135,000 for the Committee Chairman and SEK 83,000 for each of the other members.

**Auditor:** The Company is to have one auditor, with no deputies. The registered auditing firm, PricewaterhouseCoopers AB, shall be re-elected as auditor for the period up until the end of the annual general meeting of shareholders in 2021. The Authorised Public Accountant Eric Salander is intended to be Auditor-in-Charge. Remuneration of the auditor is to be paid according to approved account.

The proposal regarding the auditors is in accordance with the Audit Committee's recommendation.

### **Dividend (item 11)**

The Board of Directors and the CEO propose that the AGM resolves on a dividend of SEK 5.25 per share for the financial year 2019 and that the record date for the dividend shall be Friday 26 June 2020. If the AGM resolves in accordance with the proposal, it is expected that the dividend will be disbursed by Euroclear Sweden on Wednesday 1 July 2020. The last day for trading in the Lifco share including the right to dividend is Wednesday 24 June 2020.

### **Principles for the Nomination Committee's appointment and instructions for the Nomination Committee (item 17)**

The Nomination Committee proposes that the Annual General Meeting resolves on the following principles for the appointment of and instructions for the Nomination Committee:

The Nomination Committee ahead of an AGM shall consist of representatives of the five largest shareholders in terms of votes based on a list of owner-registered shareholders from Euroclear Sweden AB or other reliable shareholder information as per 31 August 2020 plus the Chairman of the Board. In addition, a representative of the minority shareholders who is independent of the company and its major shareholders shall be included as a member of the Nomination Committee, if the Chairman of the Board in consultation with a representative of the largest shareholder in terms of voting rights find it appropriate. The Chairman of the Board shall convene the first meeting of the Nomination Committee.

The member who represents the largest shareholder in terms of voting rights shall be appointed Chairman of the Nomination Committee. If, earlier than two months before the AGM, one or more shareholders who have appointed a Nomination Committee member no longer belong to the five largest shareholders in terms of voting rights, the member/s appointed by this/these owner/s shall make their place/s available and the shareholder/s who is (are) now one of the five largest shareholders in terms of voting rights will be entitled to appoint its/their representative/s. If significant changes have occurred in the ownership conditions of the minority shareholder who has appointed a representative and should the Nomination Committee find this appropriate, another minority shareholder shall be contacted and this shareholder will be entitled to appoint a representative or, alternatively, the Nomination Committee's work will continue without appointing a new representative of the minority shareholders. If a member leaves the Nomination Committee before its work has been completed and the Nomination Committee finds it desirable to appoint a replacement, such a replacement is to be sought from the same shareholder or, if this shareholder no longer belongs to the largest shareholders in terms of voting rights, from shareholders who are next in turn in respect of size, or if a representative of the minority shareholders is leaving the Nomination Committee, a replacement is to be sought from the same shareholder or another minority shareholder. Changes in the composition of the Nomination Committee must be published immediately.

The composition of the Nomination Committee is to be announced not later than six months before the AGM. No remuneration is to be paid to members of the Nomination Committee. Any necessary overhead expenses for work on the Nomination Committee will be defrayed by the company. The Nomination Committee's term of office extends

until the time that the composition of the following Nomination Committee has been announced. The Nomination Committee must take into account the stipulations of the Swedish Companies Act and the Swedish Corporate Governance Code when conducting its work and making its proposals. The Nomination Committee shall present ahead of the AGM proposals concerning Chairman of the AGM, the number of AGM-elected Board members, Chairman of the Board, other AGM-elected Board members, number of auditors, the auditor/s, Board fees divided among the Chairman and other Board members, as well as remuneration for Committee work, remuneration of the company's auditor and, when applicable, any changes in the proposals for principles for the Nomination Committee.

### **Guidelines for Remuneration to Senior Executives (item 18)**

The Board of Directors proposes that the 2020 Annual General Meeting (AGM) resolves to approve guidelines for remuneration to senior executives according to the following. The guidelines essentially match the principles applied to date.

#### **1. Scope of the guidelines**

These guidelines pertain to remuneration and other terms and conditions of employment for the persons who during the time the guidelines apply are members of Lifco AB's Group management, referred to jointly below as "senior executives". At present, there are four members of the Group management. The guidelines are to be applied to remuneration that is agreed, and changes made to already agreed remuneration, after the time that the guidelines have been adopted by the 2020 AGM. The guidelines do not encompass remuneration resolved by the general meeting.

Concerning terms of employment subject to regulations other than those applying in Sweden, appropriate adjustments may be made to comply with such mandatory regulations or fixed local practices, whereby the overall objectives of these guidelines must be met to the extent possible.

#### **2. The guidelines promotion of the company's business strategy, long-term interests and sustainability**

Lifco's business concept is to acquire and develop market-leading niche businesses that conduct sustainable operations and have the potential to deliver sustainable earnings growth and robust cash flows. The Group pursues a distinct business strategy focusing on results, simplicity and decentralisation. Lifco's overall aim is to increase earnings every year, which has been achieved through both organic growth and acquisitions. For further information on Lifco's business strategy, refer to the 2019 Annual Report.

A prerequisite for successful implementation of the company's business strategy and safeguarding of Lifco's long-term interests, including its sustainability, is that the company is able to recruit and retain qualified employees. To achieve this, the company must be able to offer competitive remuneration. These guidelines make it possible to offer competitive total remuneration to senior executives. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

#### **3. Forms of remuneration, etc.**

Remuneration shall be market-aligned and may comprise the following components: fixed cash salary, variable cash salary, pension benefits and other benefits. The general meeting

may also – regardless of these guidelines – resolve on, for example, share- and share price-related remuneration.

#### *Fixed remuneration*

The fixed remuneration, basic salary, shall be based on the individual executive's area of responsibility, authorities, field of competence and experience.

#### *Variable remuneration and criteria for allocating variable cash salary, etc.*

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability. The amount of variable remuneration in relation to basic salary must be in proportion to the senior executive's responsibility and authority. The variable remuneration shall be linked to predetermined and measurable criteria designed to promote the company's long-term value creation. Fulfilment of criteria for the payment of variable cash salary shall be measured over a period of one year. When the measurement period for fulfilment of criteria for payment of variable cash salary has ended, an assessment is to be made of the extent to which the criteria have been met.

The variable remuneration payable to the CEO shall be capped at 80 per cent of the annual basic salary. The variable remuneration shall be based on individual targets proposed by the Remuneration Committee and adopted by the Board. Examples of such targets are results, volume growth, working capital and cash flow. For other senior executives, the variable remuneration shall be based, partly, on the outcome of his/her own area of responsibility and, partly, on individually set targets. Examples of such targets are results, volume growth, working capital and cash flow. The CEO is responsible for the assessment of variable cash salary paid to other executives.

No variable remuneration shall be paid if a pre-tax loss is reported.

#### *Pension benefits and other benefits*

Pension rights for the CEO and other senior executives shall apply no earlier than from age 65. For the CEO, an amount corresponding to 60 per cent (excluding payroll expenses) of the annual basic salary will be reserved in capital, pension, life and health insurances. Other senior executives are entitled to pension benefits of a maximum of 35 per cent (excluding payroll expenses) of the annual basic salary. Pension agreements are to be concluded according to local rules applicable in the country where the senior executive is resident. All pension benefits are defined contribution and vested, meaning they are not conditional upon future employment in Lifco.

Other benefits, such as a company car, extra health insurance or occupational health services, are to be payable insofar as they are regarded as market-aligned for senior executives in corresponding positions in the labour market where the executive is active. The combined amount of such benefits may constitute only a limited proportion of the total remuneration.

#### *Cessation of employment*

If the CEO resigns, he/she shall be subject to a period of notice of six months. If the employment of the CEO is terminated by the company, a period of notice of not more than 18 months will apply. If the employment of another senior executive is terminated by the company, a period of notice of not more than 12 months will apply. The right to salary and other benefits is retained during the period of notice. Basic salary during the

period of notice and severance pay shall, combined, not exceed an amount corresponding to basic salary for two years. Termination salary is not to be deductible from other income.

#### **4. Salary and terms of employment for employees**

When preparing the Board's proposal on these remuneration guidelines, salary and terms of employment for the company's employees have been considered by having information on the employees' total remuneration, components of the remuneration and the increase and rate of increase in remuneration over time constitute a part of the Remuneration Committee's and the Board's decision documentation when assessing the fairness of the guidelines and the limitations that follow from them.

#### **5. The decision-making process for determining, reviewing and implementing the guidelines**

The Board has established a Remuneration Committee. This Committee's tasks include preparing the Board's resolution on proposal concerning guidelines for remuneration to senior executives. The Board shall formulate proposals for new guidelines when needs arise for significant changes in the guidelines, although at least every fourth year, and submit the proposal for resolution by the AGM. The guidelines are to apply until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programs for the company management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. Members of the Remuneration Committee are independent in relation to the company and executive management. Neither the CEO nor other members of company management participate in the Board of Directors' processing of and decisions on remuneration-related matters, insofar as they are impacted by these matters.

#### **6. Deviation from the guidelines**

The Board shall be entitled to partly or fully deviate from the guidelines if there is special reason to do so in an individual case and such deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to safeguard the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolution to deviate from the guidelines.

Information on remuneration, etc. to senior executives in the 2019 financial year is provided on pages 35–36 and in Note 10 of the 2019 Annual Report.

#### **The Board of Directors' proposal on amendment of the Articles of Association (item 19)**

The Board of Directors proposes that the annual meeting resolves to remove the provision on record date as contained in the articles of association, due to new legislation expected to enter into force later this year.

Current wording (10 §, first paragraph, first clause):

"Shareholders who wish to participate in a shareholders' meeting shall be registered as shareholders on a transcript of the entire share register as stipulated in Chapter 7, Section 28, third paragraph of the Swedish Companies Act (2005:551) that relates to the conditions prevailing five workdays prior to the meeting and shall also provide notification



of their intention to attend the meeting no later than on the date stipulated in the notice convening the shareholders' meeting."

Proposed wording:

"Shareholders who wish to participate in a shareholders' meeting shall provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the shareholders' meeting."

The Board of Directors further proposes that the reference to the "Swedish Financial Instruments Accounts Act (1998:1479)" (13 §) is amended so as it instead refers to the "Swedish Central Securities Depository and Financial Instruments Accounts Act (1998:1479)".

## Documents and other information

The annual report and other supporting resolution documentation will be held available at the Lifco's premises at Verkmästaregatan 1 in Enköping, Sweden, and on the Company's website [lifco.se](http://lifco.se), no later than three weeks prior to the meeting. The documents will be sent to shareholders who so request and specify their postal address. Shareholders are reminded of their right to request information under Chapter 7, Section 32 of the Swedish Companies Act.

There are in total 90,843,260 shares in Lifco, entitling to 145,526,990 votes. Of these shares, 6,075,970 are class A shares with ten votes per share and 84,767,290 are class B shares with one vote per share. The Company holds no treasury shares.

For information about processing of your personal data, reference is made to the integrity policy available at Euroclear Sweden AB's webpage <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Lifco's registered office is in Enköping, Sweden.

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Enköping, May 2020

**The Board of Directors of Lifco AB (publ)**