

## **NOMINATION COMMITTEE OF THE AGM 2007**

### **Decision to appoint nomination committee**

The Annual General Meeting 2006 resolved that the Nomination Committee of the Annual General Meeting in 2007 will be composed by the representatives of the five largest shareholders in terms of voting rights and the Chairman of the Board of Directors.

The Chairman of the Board of Directors is to convene the first meeting of the Nomination Committee. If so desired, the Nomination Committee is authorized to call in an additional member. The member representing the largest shareholder in terms of voting rights shall be appointed Chairman of the Nomination Committee.

Should a member resign from the Nomination Committee before its work is completed and, if considered necessary, a "substitute" member is to represent the same shareholder or, if the shareholder is no longer one of the five largest shareholders in terms of voting rights, the largest shareholder next in turn.

The composition of the Nomination Committee of the Annual General Meeting in 2007, is to be announced not later than six months before that Meeting.

Remuneration will not to be paid to the members of the Nomination Committee. The Company is to pay the costs for the work of the Nomination Committee. The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

### **Composition**

The composition of the Nomination Committee in advance of the 2007 Annual General Meeting was announced on 15 September 2006. The Nomination Committee comprises:

- Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee
- Curt Källströmer, Handelsbanken funds and foundations, etc
- Björn Lind, SEB Fonder
- Carl Rosén, Andra AP-fonden (national pension fund)
- Caroline af Ugglas, Skandia Liv
- Sverker Martin-Löf, Board Chairman of SCA

The Nomination Committee shall present proposals on the following matters to the 2006 Annual General Meeting for decision:

- proposal for Meeting Chairman,
- proposal for members of the Board of Directors,
- proposal for Board Chairman,
- proposal for Board fees and distribution between the Chairman and other members of the Board and remuneration for committee work and
- proposal for fees to the company's auditors.

Shareholders have been able to present proposals to the Nomination Committee.

## **Nomination Committee's proposals**

The Nomination Committee has given the following proposals for the Annual General Meeting in 2007.

### **Election of Chairman of the Meeting**

The Nomination Committee proposes Sven Unger, attorney at law, as Chairman of the Meeting.

### **Determination of the number of Directors and Deputy Directors**

The number of Directors shall be eight with no Deputy Directors.

### **Determination of remuneration to be paid to the Directors and the Auditors.**

The Nomination Committee proposes that the total amount of remuneration to the Board of Directors amounts to SEK 4,225,000. Each Director elected by the Meeting and who is not employed by the Company is to receive SEK 425,000. The Chairman of the Board of Directors is to receive SEK 1,275,000. Member of the Remuneration Committee is to receive additional remuneration of SEK 50,000 and member of the Audit Committee is to receive additional remuneration of SEK 75,000. The Chairman of the Audit Committee is to receive additional remuneration of SEK 100,000. Remuneration to the Auditor is to be paid as charged.

### **Election of Directors and Chairman of the Board of Directors**

The Nomination Committee proposes re-election of the Directors Rolf Börjesson, Sören Gyll, Tom Hedelius, Leif Johansson, Anders Nyrén, Barbara M. Thoralfsson and Jan Åström. It also proposes that Sverker Martin-Löf be re-elected as Chairman of the Board of Directors.

The Nomination Committee has determined that of the proposed Board members, Rolf Börjesson, Sören Gyll, Leif Johansson, Anders Nyrén and Barbara M Thoralfsson are considered to be independent in relation to the company and company management. Moreover, Rolf Börjesson, Sören Gyll, Leif Johansson and Barbara M. Thoralfsson shall also be considered independent in relationship to the company's large owners. All of the proposed Board members have experience with the demands placed on an exchange-listed company. Only one member, Jan Åström, is active in company management.

### **Proposal for Nomination Committee prior to 2008 Annual General Meeting**

The Nomination Committee proposes that the Nomination Committee, prior to the 2008 Annual General Meeting, shall consist of representatives for at least four and at most six of the largest registered shareholders in terms of votes in the VPC's printout of the share register on 31 August 31 2007, and the Chairman of the Board, who shall also convene the Nomination Committee to its first meeting. If, due to subsequent ownership changes, the number of Board members falls below six, the Nomination Committee is entitled to call in one or two additional members from among the shareholders who are next in line, in terms of votes, so that the total number of members shall amount to at most six. The Board member that represents the largest shareholder in terms of votes shall be appointed Chairman of the Nomination Committee. In instances in which a member must leave the Nomination Committee prior to completion of its work, and the Nomination Committee finds it desirable to name a replacement, such a replacement shall be taken from the same shareholder or, if they are no longer among the largest shareholders in terms of votes, from the shareholder that is next in line in terms of size. Changes in the composition of the Nomination Committee

shall be immediately made public. The composition of the Nomination Committee in advance of the 2008 Annual General Meeting shall be announced publicly not later than six months prior to the Meeting. Substitutions of members in the Nomination Committee shall not be made. The company shall cover any expenses related to the work of the Nomination Committee. The mandate period for the Nomination Committee extends until the composition of the next Nomination Committee is announced publicly.

### **Report on the work of the Nomination Committee**

In accordance with the mandate granted by the 2006 Annual General Meeting, the Chairman of the Board of Directors invited five representatives for the five largest shareholders in terms of votes to join him in comprising the Nomination Committee in preparation for the 2007 Annual General Meeting. In a press release issued on September 15, 2006, the Company announced the composition of the Nomination Committee and which shareholders the members represented. At the same time, this information was made available on the Company's website, together with a description of how shareholders could submit proposals to the Nomination Committee. No proposals were received.

The Nomination Committee held its first, preparatory, meeting on September 12, 2006, at which the Committee's continued work was also planned. Information provided by the Chairman of the Board of Directors at the meeting included a description of the process applied within SCA in the annual evaluation of the Board of Directors and its members. At the next meeting, the Chairman of the Board also reported the outcome of the evaluation, including an evaluation of the President. The Chairman of the Nomination Committee has informed the Nomination Committee regarding the outcome of the evaluation of the Chairman of the Board of Directors.

The Nomination Committee has discussed and agreed on the main requirements that should be placed on Board members, including the requirement for independent Board members. Special attention was devoted to the issue of a more equal gender distribution.

The Nomination Committee has had an external consultant at its disposal in its work to identify and evaluate potential new Board members.

During one of its meetings, the Nomination Committee met with the Company's President, who informed the Committee regarding the Company's operations, strategy and other matters.

The Nomination Committee has held four meetings. All decisions taken by the Nomination Committee were unanimous.

The Nomination Committee's proposals for decision by the Annual General Meeting will be presented in the Notice of the Annual General Meeting. As regards the proposal for the Board of Directors, however, it was published as a separate press release on January 31, 2007.