

# Scandic

ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TUESDAY 7 MAY 2019

## CONTENTS

1. The nomination committee's motivated opinion regarding the proposal for election of the Board at the 2019 annual general meeting
2. Information on the proposed members of the Board.
3. The Board's reasoned statement pursuant to Chapter 18 Section 4 of the Swedish Companies Act.
4. Auditor's report in accordance with Chapter 8 Section 54 of the Swedish Companies Act regarding whether there has been compliance with the guidelines for remuneration to Executive Management as approved by the Annual General Meeting.
5. Evaluation of remuneration to the Senior Executives (Report according to the Swedish Corporate Governance Code 9.1).

## **1. The nomination committee's motivated opinion regarding the proposal for election of the Board at the 2019 annual general meeting**

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### **Scandic's nomination committee**

In accordance with the procedure for the nomination committee adopted at the extraordinary general meeting on 15 September 2015, a nomination committee has been appointed consisting of the chair of the Board and the three largest shareholders in Scandic Hotels Group AB ("**Scandic**" or the "**Company**"). The procedure of the nomination committee available on the Company's website [www.scandichotelsgroup.com](http://www.scandichotelsgroup.com).

The composition of the nomination committee ahead of the annual general meeting 2019 was published on 6 November 2018 and the members are:

- Joel Lindeman, Provobis through Novobis AB, also chair of the nomination committee
- Johan Wester, Stena Sessan Investment AB
- Trygve Hegnar, Periscopos AS
- Per G. Braathen, chair of the Board

### **The nomination committee's proposal for election of the Board**

The nomination committee proposes:

- That the Board shall consist of eight members.
- The re-election of all current members of the Board, except Lottie Knutson and Eva Moen Adolfsson that have declined re-election.
- The election of Susanne Mørch Koch and Riitta Savonlahti as new members of the Board.
- The re-election of Per G. Braathen as chair of the Board.

The nomination committee's proposal is thus that the following persons are elected to the Board of Scandic for a term of office until the end of the next annual general meeting:

- Per G. Braathen, chair of the Board,
- Ingalill Berglund,
- Grant Hearn,
- Christoffer Lundström,
- Martin Svalstedt,
- Fredrik Wirdenius,
- Susanne Mørch Koch, and
- Riitta Savonlahti.

### **The nomination committee's work**

The nomination committee has in total held 4 documented meetings with continuous contact between the meetings. These meetings have mainly been devoted to evaluation of the board's work including mapping its competence and board member candidates and assessment of the composition of the board.

In its assessment of the degree to which the current Board meets the requirements placed on it, the nomination committee reviewed the current Board members' ability to devote the necessary time and commitment required, as well as the balance and diversity of contributions of experiences from different areas and geographic regions of the broader travel and tourism industry. The nomination committee has, through the chair of the Board, studied the results of the evaluation of the current Board and its work.

In addition, the shareholders' have had the possibility to submit their proposals to the nomination committee.

### ***The nomination committee's motivated opinion regarding the composition and size of the Board***

The nomination committee deems that the current Board functions well and as a whole possesses the competence and experience relevant to Scandic. The Board members furthermore have a big commitment and high meeting attendance. When evaluating an appropriate composition of the Board, the nomination committee has considered the competence and experience of each member individually and of the Board as a whole with respect to the Company's business and needs. After Frank Fisker's resignation from the Board at the end of 2018 and after the nomination committee was informed that Lottie Knutson and Eva Moen Adolfsson have declined re-election, the nomination committee has also evaluated the size of the Board and assessed that it is for the Board's and the Company's benefit to reduce the number of Board members from 9 members to 8 members.

Lottie Knutson and Eva Moen Adolfsson have announced that they decline re-election to the Board. The nomination committee resolved to propose the re-election of the remaining Board members. The nomination committee has further identified and managed to attract two individuals who will bring experiences and skill-sets that greatly complement the Board members proposed for re-election – Susanne Mørch Koch and Riitta Savonlahti.

Susanne Mørch Koch is since 2017 CEO of Danske Spil and is also a Board member of Coop Danmark. Before Susanne started as CEO of Danske Spil, she worked in most different management positions within the DSB group 2002-2006 and 2008-2017 (the Danish state's railway company), of which as Chief Commercial Officer 2013-2017 and as member of the Executive Team. Susanne has also been Chief Commercial Officer at Arriva Scandinavia 2006-2007, and Head of Business Development, Marketing and Communication at KPMG Denmark 2007-2008. Susanne holds a Master of Science in International Business Administration and Modern Languages from Copenhagen Business School.

Riitta Savonlahti is since 2004 Executive Vice President, Human Resources and Member of the Group Executive Team at the Finnish listed company UPM-Kymmene. Riitta Savonlahti is also member of the Supervisory Board of the Finnish pension insurance company Ilmarinen, member of Labour Markets Committee of the Finnish Forest Industries Federation (FFIF) as well as member of Work, Education and Skills Committee of the Finland Chamber of Commerce. Riitta ta has also been a member of the Board at Posti Group Oyj during 2008-2015, and in Management Institute of Finland MIF during 2012-2014. Prior to her current position at UPM-Kymmene Riitta was Senior Vice President Human Resources at Elcoteq Network Corporation 2001-2004 and at Raisio Group 2000-2001. Riitta holds a Master of Science in Economics from University of Vaasa, Finland.

The nomination committee is of the opinion that the proposed Board members will collectively contribute with a balanced set of financial and operational skills, and deeper insight into the challenges and opportunities of Scandic as well as appropriate shareholder representation at Board level. The two members who are proposed for new elections ensure Board representation in two additional countries in which Scandic operates (Finland and Denmark). Susanne Mørch Koch will contribute with experience in digitization and digital transformation and more than 15 years of transportation and travel sector experience. Riitta Savonlahti has solid experience of management work in a listed environment and will contribute to Scandic's HR and remuneration competence. She will also contribute with a strategic and operational perspective on HR and recruitment areas.

The nomination committee has taken diversity into account where gender balance has been sought. The nomination committee has as diversity policy applied clause 4.1 of the Swedish Corporate Governance Code. Three out of the eight proposed Board members are women (37.5%) and five are men (62.5%). The nomination committee has also ensured that the Board members possess different skills and experience and have different backgrounds. Through the two proposed new Board members, the geographical representation on the Board has been broadened. As the nomination committee values diversity, it is important that future nomination committees continue to work for a gender balance within the Board.

Finally, it is noted that the nomination committee has evaluated each proposed Board member's independence in the work of preparing its proposals for the 2019 annual general meeting, and has found that the proposed Board is in compliance with the Swedish Corporate Governance Code's requirements for independence.

**Information about the proposed members of the Board**

Information about the proposed members of the Board, including the Nomination Committee's assessment of each member's independence, may be found on the Company's website at [www.scandichotelsgroup.com](http://www.scandichotelsgroup.com).

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April 2019

THE NOMINATION COMMITTEE  
SCANDIC HOTELS GROUP AB (PUBL)

## **2. Information on the proposed members of the Board**

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### **Susanne Mørch Koch**

*Proposed Board member.*

Born: 1973

Education: Corporate Leader and Crisis Management, Harvard Business School, Master of Science in International Business Administration and Modern Languages from Copenhagen Business School.

Other current assignments: CEO, Danske Spil A/S since 2017, Board member, Coop Danmark A/S since 2016.

Previous positions: Number of management positions within the DSB group 2002-2006 and 2008-2017, of which as Chief Commercial Officer 2013-2017 and as member of the Executive Team, Chief Commercial Officer at Arriva Scandinavia 2006-2007, and Head of Business Development, Marketing and Communication at KPMG Denmark 2007-2008.

Independency in relation to major shareholders: Yes

Independency in relation to the company and management: Yes

### **Riitta Savonlahti**

*Proposed Board member.*

Born: 1964

Education: Master of Science in Economics, University of Vaasa, Finland

Other current assignments: Executive Vice President, Human Resources, Member of the Group Executive Team at UPM-Kymmene Corporation, supervisory Board member of Ilmarinen Mutual Pension Insurance Company, Member of Labor Markets Committee of the Finnish Forest Industries Federation (FFIF), Member of Work, education and skills Committee of the Finland Chamber of Commerce

Previous positions: Member of the Board of Posti Group Oyj, member of the Board, Management Institute of Finland MIF, Senior Vice President, Human Resources at Elcoteq Network Corporation 2001-2004 and Raisio Group 2000-2001.

Independency in relation to major shareholders: Yes

Independency in relation to the company and management: Yes

### **Per G. Braathen**

*Chair of the Board of Directors since 2018. Member of the Board of Directors since 2007. Member of the Compensation committee and Investment Committee.*

Born: 1960. Norwegian citizen.

Education: MBA from Schiller University London, UK.

Other current assignments: Board member of Braathens Regional Airlines (BRA), Chair of the Board Bramora Ltd . Chair of the Board and CEO of Braganza AB. Board member of Wayday Travel AS.

Previous positions: Chair/CEO Tjæreborg, Always and Saga Tours. Chair Escape Travel A/S SunHotels AG. Board member at Arken Zoo Holding AB and Kristiansand Dyrepark AS, Ticket Leisure Travel AB and Ticket Biz AB.

Shareholdings: 456,781 ( private and through companies)

Independency in relation to major shareholders: Yes

Independency in relation to the company and management: Yes

### **Ingalill Berglund**

*Member of the Board of Directors since 2016. Chair of the Audit Committee.*

Born: 1964. Swedish citizen.

Education: Special advanced course in economics, Frans Schartau Business Institute.

Other current assignments: Board member of Veidekke ASA, AxFast AB, Kungsleden AB (publ), Bonnier Fastigheter AB, Stiftelsen Danvikshem and Handelsbanken Regionbank Stockholm. Member of Balco Group AB, Juni Strategi and Analys AB.

Previous assignments: President and CFO at Atrium Ljungberg AB. Twenty years of experience from the real estate sector.

Shareholdings: 3,000

Independency in relation to major shareholders: Yes

Independency in relation to the company and management: Yes

**Grant Hearn**

*Member of the Board of Directors since 2014. Chair of the Compensation Committee and the Investment Committee.*

Born: 1958. British citizen.

Education: Diploma in Hotel and Tourism Management, Shannon College of Hotel Management, Ireland.

Other current assignments: Board member of UK Hospitality.

Previous assignments: Chair of the Board of Amaris Hospitality, Shearings Holidays Ltd and The Hotel Collection. Board member of London & Partners Ltd, Thame and London Ltd, TLLC Group Holdings Ltd and Travelodge Hotels Ltd.

Shareholdings: 3,000

Independency in relation to major shareholders: Yes

Independency in relation to the company and management: Yes

**Christoffer Lundström**

*Member of the Board of Directors since 2016. Member of the Audit Committee.*

Born: 1973. Swedish citizen.

Education: Bachelor of Arts, Webster University and Hotel Management Diploma, HOSTA.

Other current assignments: Owner and President of the investment company RCL Holding AB. Board member of Collector AB, Feelgood Svenska AB, Provobis Invest AB, Harrys Pubar AB, RCL Holding AB, KL Capital AB, Future Pawnbroker AB and Tableflip Entertainment AB. Chair of the Board of AM Brands AB.

Previous assignments: Board member of Rasta Group AB.

Shareholdings: 230,000

Independency in relation to major shareholders: No (Rolf Lundström/Novobis)

Independency in relation to the company and management: Yes

**Martin Svalstedt**

*Member of the Board of Directors since 2017. Member of the Audit Committee and the Investment Committee.*

Born: 1963. Swedish citizen.

Education: Education: Bachelor of Science in Business Administration and Law from the University of Karlstad, Sweden.

Other current assignments: CEO Stena Adactum AB and Stena Sessan AB, Chair of the Board in Ballingslöv International, Gunnebo and Stena Renewable. Vice chair of the Board in Envac. Board member in Svedbergs and Stena Adactum. Member of the Stena Sphere Coordination Group.

Previous assignments: Chair of the board of MEDA, Envac, Mediatec Group & Blomsterlandet.

Experience from operational roles such as CFO at Capio and other senior financial positions.

Shareholdings: 60,000 (In addition, Stena Sessan AB holds 17,947,735 shares)

Independency in relation to major shareholders: No (Stena)

Independency in relation to the company and management: Yes

**Fredrik Wirdenius**

*Member of the Board since 2015. Member of the Audit Committee and the Investment Committee.*

Born: 1961. Swedish citizen.

Education: Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm, Sweden.

Other current assignments: CEO of Vasakronan AB.

Previous assignments: Board member of Vasakronan AB and RICS Sweden.

Shareholdings: 3,134

Independency in relation to major shareholders: Yes

Independency in relation to the company and management: Yes

### **3. The Board's reasoned statement pursuant to Chapter 18 Section 4 of the Swedish Companies Act**

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The Board of Directors of Scandic Hotels Group AB (publ) ("**Scandic**" or the "**Company**") proposes to the annual general meeting 2019 a dividend of SEK 3.50 per share, corresponding to a total dividend payment of SEK 360,447,762.50 and submits the following statement according to Chapter 18, section 4 of the Swedish Companies Act.

At December 31, 2018, Scandic's restricted equity totalled approximately SEK 26 million and its non-restricted equity was approximately SEK 6,219 million. At the same date the group's total equity attributable to Scandic's shareholders totalled approximately SEK 7,767 million. The proposed dividend represents in total 5.8 per cent of the company's equity and 4.6 per cent of the group's equity attributable to the shareholders of the parent company.

Provided that a resolution is passed at the annual general meeting in accordance with the Board of Directors' proposal for dividend, an amount of approximately SEK 5,858 million will be carried forward.

The business of Scandic and the group and the risks related thereto are set forth in the annual report. The business does not involve any risks other than those related to or expected to be related to the type of business conducted or the risks involved in conducting business in general. Scandic's and the group's dependence on trade cycles does not differ from the industry in general. The Board of directors considers that after the proposed dividend, Scandic's restricted equity and the group's total equity will be sufficient in relation to the scope of Scandic's and the group's business.

At December 31, 2018, Scandic's net debt in relation to adjusted EBITDA was 2,0x (at December 31, 2017 2,3x). The net debt in relation to adjusted EBITDA would have been 2,1x if the proposed dividend had been effected as per December 31, 2018.

The Board of Directors has made an assessment of the company's and the group's financial position as well as the company's and the group's ability to fulfil their commitments on a long-term and short-term basis. The proposed dividend does not jeopardize Scandic's or the group's abilities to carry out the investments considered necessary to reach the group's targets. The proposal also takes into account the group's solvency and the short-term and medium-term liquidity available. The Board of Directors is of the opinion that the company and the group will be able to assume future business risks and also cope with prospective losses.

In light of the above, it is the Board of Directors' view that the dividend is justified in view of the equity requirements of Scandic and the group arising from the type, scope and risks of its business as well as in respect of Scandic's and the group's financial position. The dividend is therefore justified in view of Scandic's and the group's need to strengthen its balance sheets, liquidity and position in general.

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Stockholm, April 2019

THE BOARD OF DIRECTORS  
SCANDIC HOTELS GROUP AB (PUBL)

#### **4. Auditors report in accordance with Chapter 8 Section 54 of the Swedish Companies Act regarding whether there has been compliance with the guidelines for remuneration to senior management as approved by the Annual General Meeting**

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*To the annual general meeting of shareholders in Scandic Hotels Group AB (publ), Corporate Identity Number 556703-1702*

We have performed procedures to determine whether the Board of Directors and the Managing Director of Scandic Hotels Group AB (publ) have, for the year 2018 (financial year 2018-01-01 – 2018-12-31), complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 10 May 2017 and 26 April 2018, respectively.

##### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for compliance with the guidelines and for such internal control as the Board of Directors and the Managing Director determine is necessary to ensure compliance with the guidelines.

##### *Auditor's responsibility*

Our responsibility is to express an opinion, based on our procedures, to the annual general meeting of shareholders regarding as to whether the guidelines for remuneration to senior executives have been complied with. We conducted our procedures in accordance with FAR's recommendation, RevR 8 *Examination of remuneration to senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and have planned and performed the procedures to obtain reasonable assurance that the guidelines adopted by the annual general meeting of shareholders have, in all material aspects, been complied with. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Scandic Hotels Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures have involved the company's organisation for and documentation of matters pertaining to remuneration to senior executives, recent resolutions regarding remuneration and a selection of payments made to senior executives during the financial year. The procedures selected depend on the auditor's judgment, including the assessment of the risk that the guidelines have not, in all material aspects, been complied with. In making this risk assessment, the auditor considers the aspects of internal control relevant to compliance with the guidelines, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that the procedures performed provide a reasonable basis for our opinion below.

##### *Opinion*

In our opinion, the Board of Directors and the Managing Director of Scandic Hotels Group AB (publ) have, for the year 2018 (financial year 2018-01-01 – 2018-12-31), complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 10 May 2017 and 26 April 2018, respectively, with the exception of the employment agreement for the CEO where the severance payment shall qualify for pension, as described in the corporate governance report on pages 87-88 in the annual report.

Stockholm, 4 April 2019  
PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt  
Authorised Public Accountant

## **5. Evaluation of remuneration to the senior management (Report according to the Swedish Corporate Governance Code 9.1)**

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The Board of Directors hereby reports the results of the Compensation Committee's evaluation pursuant to bullets two and three of rule 9.1 in the Swedish Corporate Governance Code. The report relates to the period since the annual general meeting 2018.

The Board of Directors has established a Compensation Committee, which is composed of three Board members: Grant Hearn (chair), Eva Moen Adolfsson and Per G. Braathen.

The annual general meeting 2018 resolved on guidelines for remuneration to Senior Management. The Compensation Committee has evaluated these guidelines and the application of the guidelines during the period as well as the current remuneration structures and levels for the Senior Management. The Committee has concluded that the guidelines have allowed Scandic to retain the right personnel to the Senior Management and is of the opinion that the guidelines are structured in a way that enables potential future recruitments. The Committee considers that the guidelines have functioned well and notes that the Board of Directors has not utilized the authorization stipulated in the guidelines to resolve on deviations from these.

Furthermore, it is the assessment of the Committee that Scandic has a structured process for decisions in remuneration matters. The Committee has also evaluated the company's program for cash-based variable remuneration and has concluded that the program is functioning well and is designed to contribute to the achievement of the company's financial targets and to an increased value for the company's shareholders. The Committee has also concluded that the current remuneration structures and levels for the Senior Management are reasonable, balanced and are functioning well. In summary, the Committee considers that the guidelines effectively have supported their purpose and consequently, the Committee has recommended the Board of Directors to propose that the annual general meeting 2019 shall approve remuneration guidelines that correspond to those applied since the annual general meeting 2018.

Since the initial public offering in December 2015, four share based, long-term incentive programs (LTIPs) have been launched. The Committee has evaluated the programs and especially LTIP 2016 that ends during the spring of 2019 and the performance conditions of which are related to financial targets for the financial years 2016-2018. The Committee has thereby concluded that the programs are designed to contribute to the achievement of the company's financial targets and to an increased value for the company's shareholders and that almost all invited employees accepted the invitations to participate in the programs.

In light thereof, the Committee considers the programs to be structured in an attractive and appropriate way and the Committee has therefore recommended the Board of Directors to propose that the annual general meeting 2019 shall approve a share based, long-term incentive program to be launched in 2019 (LTIP 2019). The program is proposed to have, in all material respect, the same terms and conditions as LTIP 2018. Similar to previous programs, LTIP 2019 is proposed to be directed to the members of the Executive Committee, the Country Managing Directors, a number of Country Management Team members, and certain other key employees of the Scandic Group.

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Stockholm, April 2019

THE BOARD OF DIRECTORS  
SCANDIC HOTELS GROUP AB (PUBL)