

## Notice of Annual General Meeting 2020

The shareholders of Nolato AB (publ), reg. nr. 556080-4592, are invited to attend Nolato's Annual General Meeting on Monday 4 May, 2020 at 4 p.m. CET in Grevieparken (Hålarsvägen 14), Grevie, Sweden. Registration will open at 3 p.m.

### Information due to the coronavirus

In order to reduce the risk of infection spreading, we continuously monitor the situation and provide up-to-date information about the Annual General Meeting at [nolato.se/arsstamman](http://nolato.se/arsstamman). We encourage all participants who intend to attend the Annual General Meeting to stay informed of this information.

### Registration

Shareholders wishing to participate in the Annual General Meeting should both be listed on the register of shareholders maintained by Euroclear Sweden AB on Monday 27 April 2020 and should register their intention to attend the meeting with the company no later than Monday 27 April 2020.

#### Attendees may register in one of the following ways:

- at [www.nolato.com/agm](http://www.nolato.com/agm)
- by phoning +46 431 442290
- by writing to Nolato AB, AGM, 269 04 Torekov, Sweden.

#### When registering, shareholders should provide the following details:

- name
- address
- phone number
- personal ID or company registration number
- name of any accompanying assistants
- name of any proxy

Shareholders who participate via proxy or representative should send authorization documents (power of attorney and/or registration certificate) to the company at the address above well in advance of the Annual General Meeting. Proxy forms are available on the company's homepage, [www.nolato.com/agm](http://www.nolato.com/agm)

Shareholders wishing to bring one or two assistants should register their intention to do so before the deadline for shareholder registration.

Shareholders who have registered their shares in the name of a nominee, must temporarily register the shares in their own name in order to be entitled to participate in the meeting (so-called voting rights registration). In order for this registration to be entered in the register of shareholders no later than Monday 27 April 2020, shareholders must request re-registration with the nominee well in advance of this date.

### Proposed agenda

1. Opening of meeting and election of chairman for the meeting.
2. Establishment and approval of the voting list.
3. Approval of agenda.
4. Election of one or two persons to verify the minutes.
5. Determination of whether the meeting has been duly convened.
6. Presentation of the annual accounts, auditor's report, consolidated accounts, auditor's report of consolidated accounts, and auditor's statement regarding whether the guidelines for the remuneration of senior executives have been adhered to.
7. Address by the CEO and any shareholder questions for the Board of Directors and management.
8. Resolutions on:
  - a) adoption of income statement and balance sheet and the consolidated income statement and balance sheet,
  - b) appropriation of profits in accordance with the adopted balance sheet, and the record dates for payment of the dividend,
  - c) discharging the members of the Board and the CEO from liability.
9. Decision regarding number of Board members, deputy Board members, auditors and deputy auditors.
10. Approval of fees payable to the Board of Directors and the auditors.

11. Election of Board members, deputy Board members, Chairman of the Board, auditors and deputy auditors.
12. Resolution on guidelines for remuneration for senior executives.
13. Resolution on instructions for the Nomination Committee.
14. Resolution on amendment to the Articles of Association.
15. Resolution on authorization for the board to resolve on new issues of shares.
16. Conclusion of the meeting.

## Resolution proposal

### Chairman of the meeting

(agenda item 1):

The Nomination Committee, which was formed in accordance with the nomination procedure agreed on at the 2019 Annual General Meeting, representing the company's major shareholders and approximately 65% of the total number of votes in the company, has proposed that the Chairman of the Board, Fredrik Arp, be elected chairman of the 2020 Annual General Meeting.

### Dividend and record date

(agenda item 8b):

Nolato AB's Board of Directors has taken the decision to withdraw the previously announced dividend proposal to the 2020 Annual General Meeting of SEK 14.50 per share. The Board proposes to the Annual General Meeting that no dividend be paid.

The decision comes in light of the considerable uncertainty resulting from the impact of the COVID-19 pandemic. The Board has decided to withdraw its dividend proposal to the Annual General Meeting as a precautionary measure and in order to gain a better overview of the consequences of the pandemic, as well as to ensure financial flexibility for the company. However, during the year the Board will consider proposing a dividend for the 2019 fiscal year if and when the external situation changes.

### Election of the Board and auditors and fees payable to the Board and auditors

(agenda items 9 – 11):

In connection with these items, a presentation of the Nomination Committee's proposal, work, function and members will be made.

The Nomination Committee has made the following proposals:

- that the Board of Directors consist of eight ordinary members elected by the shareholders meeting and no deputies.
- that the number of auditors shall be one accounting firm without any deputies.
- that, until the next Annual General Meeting, the Board of Directors shall receive unchanged fees totalling SEK 2,067,000 (2,067,000), excluding travel allowance, to be distributed as follows among the non-employed members elected by the Annual General Meeting: SEK 375,000 (375,000) to the Chairman of the Board and SEK 215,000 (215,000) each to the other members. SEK 70,000 (70,000) to the Chairman of the Audit Committee and SEK 47,000 (47,000) to the ordinary member. SEK 70,000 (70,000) to the Chairman of the Remuneration Committee.
- that auditor's fee shall be payable in accordance with approved invoice.
- re-election of the following members of the Board: Fredrik Arp, Dag Andersson, Sven Boström-Svensson, Lovisa Hamrin, Åsa Hedin, Lars-Åke Rydh and Jenny Sjödahl. Henrik Jorlén has declined re-election.
- election of Erik Lynge-Jorlén as a member of the Board. Erik Lynge-Jorlén was born in 1979. Erik is educated in Business Administration at Copenhagen Business School, holds a Bachelor of Education and has completed a board member education programme. Erik currently works as a school teacher at a secondary school. Erik currently has no board assignments or other significant duties in Nolato or in other companies.
- that Fredrik Arp be re-elected as Chairman of the Board.
- that registered auditing firm Ernst & Young AB be appointed auditor until the end of the 2021 Annual General Meeting, in accordance with the Audit Committee's proposal. The auditing firm has announced that Authorized Public Accountant Joakim Falck will continue to serve as chief auditor, provided that the firm is re-elected.

By way of information, fees are paid to the Chairman for Board work and certain other services. Fees for Board work amount to SEK 375,000 according to the proposal above and remuneration for other contractually agreed services corresponding to a Board fee totals SEK 150,000. The total cost for Nolato amounts to SEK 525,000 (525,000).

### **Guidelines for the remuneration of senior executives**

*(agenda item 12):*

The Board propose that the 2020 Annual General Meeting adopt the following guidelines for compensation of board members and senior executives. The senior executives are the CEO and other members of group management.

The guidelines shall apply for the time being, but no longer than until the 2024 Annual General Meeting. The guidelines shall be applied for compensation that is agreed upon, and changes made to already agreed upon compensation.

The guidelines do not cover Board remuneration or other compensation resolved upon by a general meeting of shareholders.

#### Promotion of the company's business strategy, long-term interests and sustainability

The company's overall objective with its operations is to create long-term growth and stable return for the shareholders. The company develops and manufactures polymer products and systems for leading customers in specific market areas. Further, the company has a target-based approach to sustainable development, which creates benefits for the society and the group's business operations. Sustainable development is an integrated part of the company's growth strategy and value creation. The company's sustainability work is systematic and targeted. The results are reported in detail in the group's yearly sustainability report. For further information regarding the company's business strategy, long-term interests and sustainability, see the company's website ([www.nolato.com](http://www.nolato.com)).

The implementation of the company's business strategy and capitalization on the company's long-term interests including the ability to meet expectations of a sustainable and responsible business enterprise requires that the company, based on country of employment, has market-based and competitive remuneration levels and terms of employment in order to recruit and retain qualified employees within the group management with the right competence and experience. The guidelines ensure that senior executives can be offered a market-based and competitive total compensation package.

The total compensation shall be based on the position, individual performance, the group's earnings and that the compensation is in line with the going rate in the market and competitive in the country of employment.

#### Incentive programmes

The company has established warrant-based incentive programmes for senior executives and other key persons in the group. The incentive programmes have been implemented at market terms and conditions in order to increase the interest for the company's business and earnings development. Further, the incentive programmes contribute to an ownership interest and increases the participants' motivation and their affinity with the company. Thus, the warrant-based incentive programmes have a clear coupling to the company's business strategy and capitalization on the company's long-term interests including the ability to meet expectations of a sustainable and responsible business enterprise. The participants may acquire warrants for the purchase of shares at market price. Subscription for B-shares at exercise of the warrants can be made after three years.

The warranty-based incentive programmes that were resolved at the Extraordinary General Meeting 2016 and at the Annual General Meeting 2019 are further described in note 27 in the company's 2019 Annual Report, which is kept available on the company's website ([www.nolato.com](http://www.nolato.com)).

Since share-based and share price-related incentive programmes are resolved by a general meeting of shareholders, these incentive programmes are not covered by these guidelines.

#### Forms of compensation

The total compensation for senior executives is based on position, individual performance and the group's earnings. The total compensation may consist of a fixed base salary, variable compensation, pension benefits and other benefits. This includes conditions for cessation of employment and

severance pay. The total compensation shall be reviewed yearly to safeguard that the total compensation is in line with the going rate in the market and is competitive. Consideration shall then be taken with regard to position, the size of the company, salary and the executive's experience. A general meeting of shareholders can, notwithstanding these guidelines, decide on share-based and share-price related compensation.

#### Fixed base salary

The fixed base salary shall be related to the relevant market and shall reflect the degree of responsibility involved in the position. The fixed based salary shall constitute the basis for total remuneration.

#### Variable compensation

In addition to fixed base salary, variable compensation may be payable to senior executives. The variable compensation shall be coupled to the outcome of financial ratios and is payable based on the achievement of the targets established by the Board. Positive earnings after financial items are required for the variable compensation to be payable. The criteria shall be formulated to promote the company's business strategy, long-term interests and sustainability. The variable compensation may amount to a maximum of 50 % of base salary for the CEO, and a maximum of 40 % of base salary for other senior executives.

The company's sustainability work includes an environmental target meaning that carbon dioxide emissions should be reduced in the future in relation to objectives established by the Board. The Group-wide ratio is ton carbon dioxide / net revenue.

Variable compensation described above is divided as follows.

- Result: 45 percent
- Return on assets: 45 percent
- Environmental goal carbon dioxide: 10 percent

The variable compensation will be calculated on financial and other ratios based on audited reports. The Remuneration Committee approves the remuneration of the CEO and other senior executives.

Participants in the warranty incentive programmes are also offered compensation corresponding to half of the participant's warrant premiums and the income tax charged on such compensation, provided that the participant's employment in the group does not cease before three years have elapsed.

Variable compensation does not qualify as pensionable income.

#### Pension benefits

The CEO and other senior executives have a defined contribution pension plan prepared in accordance with the levels and practices that apply in the country of employment. The pension premium for senior executives may not exceed 35 percent of the fixed base salary based on the fixed base salary and age. For the CEO and other senior executives, a retirement age of 65 shall apply.

#### Other benefits

Other benefits, for example health insurance and car benefit, may be payable in accordance with the conditions that apply in the country which the senior executive is employed. However, such benefits should be as small as possible and may amount to a maximum of 10 percent of the fixed base salary unless compulsory rules or local practice requires that additional benefits are paid.

#### Notice period and severance pay

Senior executives should be offered conditions in accordance with the legislation and practices applicable in the country in which the executive is employed. The notice period may not exceed 24 months. Total redundancy pay and severance pay may not exceed 24 months' pay for the senior executives. Upon termination by the senior executive, the notice period may not exceed 6 months without the right to severance pay. During the notice period, senior executives shall be prevented from engaging in competing activities. To the extent a Board member performs work for the company, in addition to Board work, consultancy fees and other remuneration may be granted for such work in accordance with a decision by the Board. Other than the board remuneration resolved by the Annual General Meeting, no further remuneration is paid for Board membership.

#### Salary and terms of employment for employees

Salary and terms of employment for employees have been taken into account in the drafting of the Board's proposal for these remuneration guidelines. In the evaluation of the fairness of the guidelines and the limitations that emanate from these the following has formed the basis for the Remuneration Committee's and the Board's decision-making:

- i) Information on the employees' total compensation.
- ii) Compensation components.
- iii) The increase in compensation and the rate of growth over time.

The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

#### The decision-making process for adopting, reviewing and implementing the guidelines

The Board shall prepare a proposal for new guidelines for the Annual General Meeting at least every fourth year. These guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board has established a Remuneration Committee. The committee's duties include conducting preparatory work for the Board's decisions on proposed guidelines for compensation of senior executives, compensation and other terms of employment for this group. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and compensation levels in the company. The Chairman of the Board can serve as chairman of the Remuneration Committee. Other members of the Remuneration Committee shall be independent of the company and its senior executives.

The CEO and other senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

If the Remuneration Committee uses the services of an external consultant, it is to ensure that there is no conflict of interest regarding other assignments this consultant may have for the company or the senior executives.

#### Temporary deviation from the guidelines

The Board may temporarily resolve to deviate from the guidelines entirely or partly if the Board deems that in a specific case there is special cause for the deviation and a deviation is deemed necessary to safeguard the company's long-term interests and to meet expectations of a sustainable and responsible business enterprise, or to ensure the company's financial viability. If such deviation is made it must be reported at the next Annual General Meeting. It is part of the Remuneration Committee's duties to conduct preparatory work for the Board's decision to deviate from the guidelines.

#### **Instructions for the Nomination Committee**

(agenda item 13):

The Nomination Committee proposes that the 2020 Annual General Meeting adopt the following instructions for the company's Nomination Committee, to apply until other instructions are adopted.

- The company shall have a nomination committee composed of members of whom one each is appointed by each of the five largest shareholders in the company in terms of votes based on ownership statistics as per the last business day in September. A representative for the largest shareholder in terms of votes is responsible to contact the concerned shareholders and ask them to appoint one member each to the Nomination Committee. If any of these shareholders chooses to abstain from its right to appoint a member, the shareholder next in line in terms of size shall be asked. However, no more than the six largest shareholders need to be asked if it is not required in order for the Nomination Committee to consist of at least three members appointed by shareholders. The Nomination Committee's composition shall be publicly announced when formed, and not later than six months prior to the Annual General Meeting. Unless the committee's members agree otherwise, the Nomination Committee chair shall be the member who is appointed by the largest shareholder in terms of votes. Each member of the Nomination Committee is to consider carefully whether there is any conflict of interest or other circumstance that makes membership of the Nomination Committee inappropriate before accepting the assignment.
- The Nomination Committee's mandate period applies until a new Nomination Committee has been appointed. If a member resigns during the Committee term, the shareholder who appointed the

member may choose to appoint a new member. In the event of changes to the ownership structure of the company, the Committee may choose to amend its composition in order to ensure that the Committee appropriately reflects the ownership of the company. However, unless there are special circumstances, the composition of the Nomination Committee may remain unchanged following changes in the ownership structure of the company that are either minor or occur less than three months prior to the Annual General Meeting. Amendments to the composition of the Nomination Committee shall be announced as soon as such change has taken place.

- In executing its assignment in general, the Nomination Committee shall fulfil the duties which, according to the Swedish Corporate Governance Code, are incumbent upon a Nomination Committee.
- No remuneration is paid to the members of the Nomination Committee. Where needed, the company shall bear reasonable costs for external consultants who are deemed by the Committee to be necessary for the Committee to fulfil its assignment.

#### **Resolution on amendment to the Articles of Association**

*(agenda item 14):*

The Board propose that the Annual General Meeting resolve in favour of amending the Company's Articles of Association in the following respects:

- (i) clarifying change with respect to the legislative reference in § 7 to the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479) "lag(1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument";
- (ii) removal of Torekov in §2; and
- (iii) new wording of the stipulation pertaining to the right to participate at general meetings (§ 10).

The proposed amendment of § 10 means that the provision will have the following wording:

"Notice of a General Meeting shall be given in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on the company's website. The fact that notice has been given shall be advertised in Dagens Industri. Shareholders who wish to participate in the General Meeting shall notify the company no later than on the day indicated in the Notice of the General Meeting. Assistants to shareholders may be brought to the General Meeting only if the shareholder has notified the company of the number of assistants, the maximum being two, no later than the day specified in the Notice."

The proposal according to (i) is made because the articles of associations currently refers to an outdated version of the act.

The proposal according to (ii) is made because the reference to Torekov is redundant since the articles of association states that the Board of Directors shall have its registered office in Båstad Municipality.

The proposal according to (iii) is made because the right to vote is regulated in the Swedish Companies Act (2005:551) and therefore does not need to be part of the Articles of Association and because an expected legislative change in 2020 will result in the current wording being in violation of law.

The Board's proposal for new Articles of Association are available at the company and on the company's website ([www.nolato.com](http://www.nolato.com)).

#### **Proposal for authorization of the board to resolve on new issues of shares**

*(agenda item 15):*

The Board proposes that the annual general meeting authorizes the board to resolve - on one or more occasions and for the period until the end of the next annual general meeting - to increase the company's share capital by issuing new class B shares, to the extent that such new issues can be made without amending the articles of association. The total number of class B shares that may be issued pursuant to the authorization may not exceed ten per cent of the total number of outstanding shares in the company, at the time of the notice of the meeting.

New share issues may be made with or without deviation from the shareholders' preferential rights and with or without provisions for assets contribution in kind or set-off. The purpose of the authorization is to increase the financial flexibility of the company and the acting scope of the board. Should the board of directors resolve on a new issue with deviation from the shareholders' preferential rights, the reason shall be to secure financing capacity for company acquisitions, alternatively, to enable shares to be used as payment in such acquisitions. Upon such deviation from the shareholders' preferential rights, the new issue shall be made at market terms and conditions.

The CEO, or any person appointed by the President and CEO, shall be authorized to make minor adjustments of the resolution mentioned above, as may be required in connection with the registration with the Swedish Companies Registration Office.

#### **Special majority requirement**

Resolutions in accordance with agenda item 14 and 15 are only valid if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

#### **Authorisation**

The board, or any person appointed by the board, shall be authorised to make the minor adjustments in the resolutions adopted by the Annual General Meeting as may be required in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden.

#### **Disclosures at the Annual General Meeting**

The Board of Directors and CEO shall, if requested by any shareholder and if the Board is of the opinion that it can be done without causing material harm to the company, provide disclosures about conditions that may impact assessment of an item of business on the agenda, about conditions that may impact assessment of the company's or a subsidiary's financial situation, and about the company's relationship with another group company.

#### **The company's shares**

On the day this notice was issued, the company had a total of 2,759,400 A shares and 23,788,608 B shares, totalling 26,548,008 shares. An A share entitles the holder to ten votes, while a B share entitles the holder to one vote. The company has a total of 51,382,608 votes. Currently, none of these shares are repurchased treasury shares.

#### **Other**

Processing of personal data

For information on how your personal data is processed, see

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

#### **Documents**

The Boards and Nomination Committees complete proposals can be found in this notice. Other documents that are to be made available in accordance with the Swedish Corporate Governance Code and the Swedish Companies Act (2005:551) are available from the company, at Nolatovägen 32, Torekov. The documents are also available on the company's website, [www.nolato.com](http://www.nolato.com), under Corporate Governance, and can be sent to those shareholders who request it.

Torekov, April 2020

Nolato AB (publ)

Nolato's Board of Directors

This document is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

*Nolato is a Swedish group with operations in Europe, Asia and North America. We develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors. Nolato's shares are listed on Nasdaq Stockholm in the Large Cap segment, where they are included in the Industrial sector.*