

The Nomination Committee's proposal and reasoned statement ahead of Probi's Annual General Meeting on 2 May 2018

Background

At the Annual General Meeting of Probi AB in 2017, a Nomination Committee was appointed comprising Heinz-Jürgen Bertram, CEO of Symrise AG, Marianne Flink, representing Robur Fonder, Jannis Kitsakis, representing the Fourth Swedish National Pension Fund, and Bengt Jeppsson, representing the minor shareholders.

Heinz-Jürgen Bertram was appointed Chairman of the Nomination Committee.

The tasks of the Nomination Committee ahead of the Annual General Meeting 2018, have been to prepare for the election of auditors, election of a chairman and other members to the Board of Directors, election of a chairman at the Annual General Meeting, remuneration issues and items in relation to this. The Nomination Committee has held four minuted meetings, in addition to continuous consultations over the telephone. These meetings and consultations have mainly focused on the evaluation of the work of the current Board of Directors, discussions on the number of Board members, the need for new recruitments, discussions on the prospective new Board members and discussions on Board fees.

The Nomination Committee's reasoned statement

The Nomination Committee has discussed the Board's composition, in terms of business experience and skills, for example, in order to evaluate the demands that will be placed on the Board of Directors as a result of the current situation of the company and its future direction. An important basis for the work has been that the composition of the Board of Directors should reflect and accommodate various skills and experiences that Probi requires. In its work, the Nomination Committee has, in particular, considered item 4.1 of the Swedish Code of Corporate Governance, which comprises the policy on diversity that the Nomination Committee has applied in preparing its proposal for Board of Directors. In that respect, the Nomination Committee has taken into account the versatility and breadth of the proposed Board members in terms of competency, business experience, background and an equal gender distribution when striving to achieve the appropriate composition of the Board.

The Nomination Committee has, as a basis for its proposal, studied the Chairman of the Board's report on the company's operations, targets and strategies and on the performance of the Board during the past year. Individual meetings with Board members have been conducted. The work of the Nomination Committee has been characterised by transparency and constructive dialogue in order to achieve a well-balanced Board. The Nomination Committee has devoted most of its time to discussing the Board's various expertise profiles and its composition. The Nomination Committee's assessment is that the work of the Board has been functioning well and that the members of the Board mainly hold the required skill and expertise.

The Nomination Committee has however identified that the Board of Directors would benefit from additional skills in the area of innovation and R&D. In light hereof, the Nomination Committee proposes that the Board is increased by one new Board member;

Irène Corthésy Malnoë runs an independent business as senior consultant within Life Science. She has more than 25 years' experience of research and development within biotechnology, health, food

and beverages. She has previously held senior R&D positions within the Nestlé Group and at Lausanne University Hospital. Irène holds a PhD in Molecular Biology from University of Lausanne.

Of the present Board members, it is proposed to re-elect Jean-Yves Parisot, Scott Bush, Charlotte Hansson, Anna Malm Bernsten, Jan Nilsson and Jonny Olsson, who have declared themselves available for re-election.

It is proposed to re-elect Jean-Yves Parisot as the Chairman of the Board.

The Nomination Committee considers that the proposed Board of Directors, in view of the company's operations, development phase and other relevant considerations, has the appropriate composition to meet the requirements following from the company's operations. The Nomination Committee has considered the company's strategic development, its governance and control and also the demands that these factors place on the skills and composition of the Board of Directors.

All proposed Board members are considered to be independent in relation to the company and its senior executives. Jean-Yves Parisot is considered dependent in relation to Symrise AG, which is the largest shareholder of the company. The other Board members are considered independent in relation to the company's largest shareholders considering the requirements established by the Swedish Code of Corporate Governance in terms of the independence of members of the Board.

The Nomination Committee proposes that the Board fee for the Chairman of the Board remains unchanged at SEK 400,000 (SEK 400,000) and unchanged at SEK 200,000 for other Board members (SEK 200,000). In case the Board of Directors resolves to implement an Audit Committee and a Remuneration Committee, remuneration for committee work is proposed as follows: SEK 70,000 to the Chairman of the Audit Committee and SEK 40,000 to each of the other members of the Audit Committee, and SEK 30,000 to the Chairman of the Remuneration Committee and SEK 20,000 to each of the other members of the Remuneration Committee. The Board of Directors did not implement an Audit Committee or a Remuneration Committee during 2017 and, therefore, no remuneration for committee work has been paid.

Ahead of the Annual General Meeting 2018, the Board of Directors has evaluated the current audit assignment with Deloitte AB. Results showed that it is not possible to re-appoint Deloitte due to new independence regulations as a consequence of the revised EU audit legislation (Regulation (EU) No 537/2014). The Nomination Committee has received the Board of Directors' recommendation regarding election of auditor. In its recommendation, the Board of Directors has provided two options regarding the election of auditor. The Board of Directors resolved to recommend the election of Ernst & Young AB as the preferred alternative as the company's auditor at the annual general meeting 2018, for a mandate period of one year. The recommendation is based on the tender provided by Ernst & Young AB, which has defined a well-balanced scope of the audit on the basis of the various size and business of the group companies, offered the most comprehensive audit in terms of the number of group companies compared to other tenders submitted, and also offered fees which are competitive in relation to the assignment. In accordance with this recommendation, the Nomination Committee proposes that accounting firm Ernst & Young AB is newly elected at the Annual General Meeting for a term of one year. Ernst & Young AB has stated that Peter Gunnarsson will serve as the auditor-in-charge in the case that Ernst & Young AB is elected.

Probi's Nomination Committee makes the following proposals to the company's Annual General Meeting 2018:

The Nomination Committee's proposal regarding the election of a Chairman at the AGM

The Nomination Committee proposes Madeleine Rydberger, lawyer at Mannheimer Swartling Advokatbyrå.

The Nomination Committee's proposal regarding the number of Board members and deputy Board members on the Board of Directors

The Nomination Committee proposes seven Board members and no deputy Board members.

The Nomination Committee's proposal regarding Board fees

The Nomination Committee proposes that Board fees of a total of SEK 1,600,000 (SEK 1,400,000) are resolved for the period until the end of the Annual General Meeting 2019, to be distributed as follows: the Chairman of the Board accounts unchanged for SEK 400,000 (SEK 400,000) and other members account unchanged for SEK 200,000 (SEK 200,000) each. In case the Board of Directors resolves to implement an Audit Committee and a Remuneration Committee, remuneration for committee work is proposed as follows: SEK 70,000 to the Chairman of the Audit Committee and SEK 40,000 to each of the other members of the Audit Committee, and SEK 30,000 to the Chairman of the Remuneration Committee and SEK 20,000 to each of the other members of the Remuneration Committee. The Board of Directors did not implement an Audit Committee or a Remuneration Committee during 2017 and, therefore, no remuneration for committee work has been paid.

The Nomination Committee's proposal regarding auditors' fees

The Nomination Committee proposes that the auditors' fees, for the period up to the end of the Annual General Meeting 2019, shall remain unchanged and be paid subject to approval.

The Nomination Committee's proposal regarding the election of auditors

The Nomination Committee proposes, in accordance with the Board's recommendation, that the accounting firm Ernst & Young AB is newly elected as the company's auditor for a term of one year. Ernst & Young AB has stated that Peter Gunnarsson will serve as the auditor-in-charge in the case that Ernst & Young AB is elected.

The Nomination Committee's proposal regarding the election of Board members

The Nomination Committee proposes re-election of Jean-Yves Parisot, Scott Bush, Charlotte Hansson, Anna Malm Bernsten, Jan Nilsson and Jonny Olsson and new election of Irène Corthésy Malnoë.

Jean-Yves Parisot

Chairman of the Board of Directors, born 1964

Education: MBA and Doctor in Veterinary Medicine

History: Chairman of the Board since 2015. CEO of Diana, a division of the Symrise Group. Formerly held executive positions at Air Liquide, Danisco, Rhodia, Rhône-Poulenc, Merial and Pfizer.

Other Board assignments: -

Holdings in the company: -

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: No

Scott Bush

Board member, born 1956

Education: Master of engineering degree and Master of Business Administration degree.

History: Board member since 2017. Owner and CEO of Probiotic Consulting LLC. Previously held executive positions in DuPont, Danisco and Rhodia.

Other board assignments: -

Holdings in the company: -

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Charlotte Hansson

Board member, born 1962

Education: B.Sc. Biochemistry at University of Copenhagen. IHM Diploma in Business Administration.

History: Board members since 2017. CEO of Morgontidning Distribution KB. Previously held executive positions in Jetpak Group AB, Danzas ASG Eurocargo AB and Carl Zeiss AB.

Other Board assignments: BE Group AB, Orio AB, DistIT AB and Momentum Group AB.

Holdings in the company: -

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Anna Malm Bernsten

Board member, born 1961

Education: Master of chemical engineering degree.

History: Board member since 2017. Owner and CEO of Bernsten Konsult AB. Previously held executive positions in Oatly, GE Healthcare Life Sciences, ASSA ABLOY AB and Pharmacia&Upjohn.

Other Board assignments: CellaVision AB, Medivir AB, Björn Axén Hairdressers AB and Pågen AB.

Holdings in the company: -

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Jan Nilsson

Board member, born 1953

Education: Medical programme and Doctor of Medicine, Karolinska Institute.

History: Board member since 2010. Professor of Experimental Cardiovascular Research at Lund University. Formerly held such positions as Dean of the Faculty of Medicine at Lund University, 2000-2005, and Assistant Head Secretary for the Medical Research Council, 1993-1996.

Other Board assignments: Atherioco AB, MedScienta AB, PetaJoule AB and the Swedish Research Council.

Holdings in the company: -

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Jonny Olsson

Board member, born 1964

Education: Master of Business Administration degree.

History: Board member since 2015. Owner and CEO of Jonny Olsson Consulting AB. Previously held executive positions in Tetra Pak, Oriflame and Ericsson.

Other Board assignments: Creative Food Solutions, Ortelius Management, NGI Denmark, Liquid Consulting Inc & AB.

Holdings in the company: 1,284 shares

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Irène Corthésy Malnoë

Proposed Board member, born 1958

Education: PhD in Molecular Biology, Lausanne University and Master in Technology Enterprise, IMD Business School.

History: Previously held positions as Global Head of R&D, Chief Scientific Officer and Vice President at Nestlé Health Science as well as Head of Nutrition and Health Department at NRC and Chief of Research Unit and Head of Research Laboratory, Division of Gastroenterology, at Lausanne University Hospital.

Other board assignments: -

Holdings in the company: -

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

