

# Corporate Governance Report

This report is unaudited.

Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden. The company is the Parent Company of the Nobia Group. The basis for the control of the Group includes the Articles of Association, the Swedish Companies Act and the regulations issued by the NASDAQ OMX in Stockholm.

Nobia applies the Swedish Code of Corporate Governance (the Code), which companies listed on the NASDAQ OMX in Stockholm are obligated to apply. Nobia monitors developments in the area of corporate governance and continuously adapts its corporate-governance principles to create value for its owners and other stakeholders by providing appropriate information to the shareholders and through efficient management and Board work. The Nobia Group has an information and IR policy adopted by the Board to ensure appropriate and fair provision of information to the capital market.

Nobia complies with the Code with one exception, which is the regulation that a Board member may not be the Chairman of the Nomination Committee. This deviation is explained below under the Nomination Committee heading.

## 2008 Annual General Meeting

The 2008 Annual General Meeting was held on 1 April 2008 at Södra Paviljongen in Stockholm. Board Chairman Hans Larsson was elected Chairman of the Meeting. The Meeting adopted the Board's proposal regarding the appropriation of profits. The Meeting also adopted the Nomination Committee's proposal that the number of Board members should be nine without alternates, the fees to be paid to the Board and the Board Chairman, and the election of Board members. Preben Bager, who took office as the new CEO on 2 April 2008, was elected new Board member. Fredrik Cappelen left the Board and stepped down as CEO. All other Board members were re-elected. The NASDAQ OMX in Stockholm's Listing Agreement contains certain requirements regarding the composition of the Board of Directors. According to these requirements, the majority of the Board members elected by the Annual General Meeting shall be independent in relation to the company. Furthermore, at least two of these Board members shall also be independent in relation to the company's largest shareholders. Nobia's Board of Directors fulfils these requirements.

The complete minutes from the Annual General Meeting are available on Nobia's website at [www.nobia.com](http://www.nobia.com).

## Nomination Committee

In accordance with a decision of the Annual General Meeting, the Chairman of the Board is responsible for convening the company's four largest shareholders not later than the end of the third quarter, each of whom shall appoint one member of the Nomination Committee. Should any of the four largest shareholders refrain from appointing a member, the next largest owner shall be presented with the opportunity to appoint a member. Should more than one shareholder refrain from its right to appoint a member of the Nomination Committee, only the next eight largest owners shall be asked to appoint a member, unless more than these eight largest shareholders need be asked in order for the Nomination Committee to comprise at least three members. The Chairman of the Board may be appointed as a member of the Nomination Committee. The Nomination Committee should be chaired by an owner representative. The tasks of the Nomination Committee are to submit proposals to the Annual General Meeting on the election of the Board of Directors, the Chairman and, when applicable, auditors, on fees for the Board of Directors, the Chairman and auditors and on the Chairman of the Annual General Meeting. In addition, the Nomination Committee shall submit proposals to the Annual General Meeting on decisions for the principles of the composition of the Nomination Committee.

The members of the Nomination Committee for 2008–2009 were: Fredrik Palmstierna from SäkI (Chairman of the Nomination Committee), Åsa Nisell from Swedbank Robur funds, Peter Lindell from AMF and Stefan Charette from Öresund and, following a decision by the other members of the Nomination Committee, Board Chairman Hans Larsson. The Nomination Committee's reasoning behind the election of a Board member as the Chairman of the Committee is that the largest shareholder, in terms of the number of votes, should naturally lead the work of the Nomination Committee. No remuneration is paid to the Committee members.

The Nomination Committee held four minuted meetings prior to the 2009 Annual General Meeting. The basis of the

Nomination Committee's work included the company's strategies and priorities and an evaluation of the Board, its size and composition.

The Nomination Committee's proposals regarding the election of Board members and Board Chairman are presented in the notice to attend the Annual General Meeting and an explanatory statement regarding the proposal is simultaneously published on Nobia's website. The complete principles for the composition of the Nomination Committee are available at [www.nobia.com](http://www.nobia.com).

### Work of the Board of Directors

The Board of Directors of Nobia AB comprises nine standard Board members elected by the Annual General Meeting and two Board members with two alternates appointed by the employees. A presentation of the Board members is found on pages 76–77. The President is a member of the Board. Other executives in the company participate at Board meetings to make presentations and to serve as Secretary. The Board held eight scheduled meetings during the 2008 fiscal year.

The work of the Board of Directors follows a fixed agenda

for each Board meeting, including such matters as business status, investments, budget, interim reports and annual accounts. The Chairman leads and delegates the work of the Board and ensures that matters not included in the fixed agenda are addressed. The Board's work is also regulated by the rules of procedure adopted annually by the Board governing the distribution of duties between the Board and the President. In 2008, the Board's work focused on discussing issues concerning Group strategy and on matters pertaining to the future structure and organisation of the company, as well as action plans due to the lower demand situation. The Secretary at the Board meetings was Lennart Rappe, Executive Vice President and Senior Vice President Mergers & Acquisitions. Attendance at Board meetings during the year is shown in the table below.

The annual evaluation of the Board in 2008 was performed by the Chairman following up measures determined from the interviews with Board members conducted in the preceding year. The results were subsequently discussed by the Board and decisions were taken to implement the relevant measures in the forthcoming year.

### Board of Directors in 2008

|                     |                                       | Board meetings,<br>8 meetings<br>in total | Remuneration<br>Committee,<br>3 meetings<br>in total | Year of<br>birth | Board<br>member<br>since | Nationality | Independence            |
|---------------------|---------------------------------------|---|--|------------------|--------------------------|-------------|-------------------------|
| Hans Larsson        | Chairman                              | 8   | 3/3  | 1942             | 1996                     | Swedish     | independent             |
| Preben Bager        | President and CEO                     | 6   |  | 1948             | 2008                     | Danish      | dependent <sup>1)</sup> |
| Stefan Dahlbo       | Board member                          | 8   | 3/3  | 1959             | 2004                     | Swedish     | independent             |
| Bodil Eriksson      | Board member                          | 6   | 2/3  | 1963             | 2003                     | Swedish     | independent             |
| Wilhelm Laurén      | Board member                          | 8   |  | 1943             | 1996                     | Swedish     | independent             |
| Harald Mix          | Board member                          | 7   |  | 1960             | 1996                     | Swedish     | independent             |
| Thore Olsson        | Board member                          | 8   |  | 1943             | 2007                     | Swedish     | independent             |
| Lotta Stalin        | Board member                          | 8   |  | 1954             | 2007                     | Swedish     | independent             |
| Fredrik Palmstierna | Board member                          | 8   |  | 1946             | 2006                     | Swedish     | dependent <sup>2)</sup> |
| Per Bergström       | employee representative               | 8   |  | 1960             | 2000                     | Swedish     |                         |
| Olof Harrius        | employee representative               | 8   |  | 1949             | 1998                     | Swedish     |                         |
| Kjell Sundström     | employee representative <sup>3)</sup> | 8   |  | 1953             | 2007                     | Swedish     |                         |
| Marie Nilsson       | employee representative <sup>3)</sup> | 8   |  | 1973             | 2007                     | Swedish     |                         |

1) President

2) Dependent in relation to major shareholder

3) Alternate

The Board does not have a separate audit committee. Instead, the Board in its entirety strives to maintain a close relationship with the company's auditors to ensure that the Board satisfactorily monitors significant issues concerning the company's accounts, accounting routines, management of the company's assets and level of internal control. Accordingly, control issues to be discussed by the Board are addressed by the Board in its entirety, except for the President who does not participate in discussions regarding these matters since he is a member of company management. To ensure that the Board's information requirements are met in this respect, the company's auditors report to the Board at least three times a year. Part of the auditors' presentation of information to the Board takes place in the absence of the company's executives. The form in which these reports are to be prepared is documented in the Board's rules of procedure.

The audit process is structured such that reports from the auditors are received in connection with the planning of future audits, in conjunction with internal control and hard-close audits in the autumn and finally, in conjunction with the adoption of the annual accounts. In addition, the auditors also present an annual account of the consulting assignments that have been performed by the audit firm.

In August 2008, the auditors presented and discussed the focus and scope of the audit, which also took particular consideration of the risk perspective regarding internal control and reporting of the IT audit performed. At the meeting in October, the auditors reported on the self-assessment of the internal control that the company performs annually. Also at this meeting, the auditors presented their observations from the hard-close audit.

The examination of the annual accounts was presented at the Board meeting in February 2009.

### **Remuneration Committee**

The Board appoints a Remuneration Committee from within its ranks, which for the period until the 2009 Annual General Meeting comprises Hans Larsson (Chairman), Bodil Eriksson and Stefan Dahlbo. The Committee's task is to prepare proposals to the Board relating to the company's remuneration programme (pension policy, employee share option scheme, bonus scheme, etc.) as well as the remuneration and employment terms for the President. The Committee also has the task of making decisions on the President's proposals regarding remuneration and other employment terms for the managers who report to the President. In addition, the Committee shall ensure that the company has an adequate programme to

ensure the supply of managers and their development, and a model for evaluating the performance of the President. Furthermore, the Committee submits proposals to the Annual General Meeting regarding principles for remuneration and other employment terms for company managers. The Committee held three meetings during the year.

In 2007/2008, the Remuneration Committee also worked on the recruitment of a new President to succeed Fredrik Cappelen.

### **Remuneration to senior executives**

All senior executives in the management group are offered a basic salary supplemented with variable remuneration comprising a maximum of 30 per cent of fixed annual salary when individual targets are met. For the President, this variable salary portion may total a maximum of 50 per cent of annual salary. The management group has also been offered the opportunity to subscribe for options as part of the employee share option scheme described in more detail in the Board of Directors' Report on page 23. The remuneration and benefits of senior executives are also described on this page.

### **Group management**

Group management, refer to pages 78–79, holds regular Group-management meetings led by the President. In addition, the President and CFO meet the management group of each business unit locally three times a year.

Group management strives to maintain close contact with each business unit in order to support and provide assistance and tools for increasing efficiency, marketing, business development and internal exchanges of knowledge.

### **Auditors**

KPMG AB was elected as the company's auditors for a four-year mandate at the 2007 Annual General Meeting. The Auditor in Charge is Helene Willberg, Authorised Public Accountant. The interaction of the auditors with the Board is described above. Nobia's purchases of services from this firm, in addition to audit assignments, are described in Note 5, page 49.

### **The Board's description of internal control and risk management systems regarding the financial reporting for the 2008 fiscal year**

The Board of Directors is responsible for the internal control of the company in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with Sections 10.5 and 10.6 of the Code and is thereby limited to the internal control of financial reporting.

### *Control environment and steering documents*

Nobia builds and organises its operations based on decentralised responsibility for profitability. Nobia's intentions regarding this decentralised responsibility for profitability and internal control through benchmarking are described in the Strategy section of the Annual Report on page 18.

The basis for the internal control of financial reporting is the control environment that comprises the company's organisation, decision-making procedures, authority and responsibility, as documented and communicated in steering documents such as internal policies, guidelines, manuals and codes. Examples include the division of responsibility between the Board on the one hand and the President and other bodies established by the Board on the other, as well as instructions for attestation rights, accounting and reporting.

All documentation concerning principles and methods for reporting, internal controls and monitoring are collected in Nobia's Financial & Administration Manual.

Each business unit manager is ultimately responsible for maintaining a high level of internal control, and the finance manager at each unit is responsible for following up and ensuring daily compliance with Nobia's accounting procedures and principles. These instructions are included in the aforementioned manual.

### **Risk management**

The company has introduced methods for risk assessment and risk management to ensure that the risks to which the company are exposed are managed within the established frameworks.

The risks identified concerning financial reporting are managed in the company's control structure and are monitored and assessed continuously by the company. One of the tools used for this purpose is self-assessment, a process that is performed and evaluated annually. Risk assessments are described in more detail on pages 30–31.

### **Financial information**

The company has established information and communication channels in order to support the completeness and accuracy of the financial reporting, for example, through steering documents in the form of internal policies, guidelines, manuals and codes regarding the financial reporting applied by the appropriate employees.

The company monitors compliance with these steering documents and measures the efficiency of control structures. In addition, the company's information and communication channels are monitored to ensure that these channels are appropriate for the financial reporting. Furthermore, the company has developed checklists to ensure full compliance with the disclosure requirements in the financial statements.

### **Monitoring by the Board**

The outcome of the company's risk assessment and risk management processes is addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

The Board receives monthly financial reports and each Board meeting addresses the company's and Group's financial position.

The company's Internal Control function, which is an integrated part of the central Finance function, performs reviews of the internal control and its work in this area follows a plan approved by the Board. The results of these reviews, the measures to be taken and their status have been reported to the Board.

### **Articles of Association**

Nobia's Articles of Association regulate the focus of the operations, share capital and how and when notification of the Annual General Meeting is to take place. The full text of the Articles of Association is available from the Nobia website, [www.nobia.com](http://www.nobia.com).

On 31 December 2008, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares in one class of share. The par value is SEK 0.33 per share. Each share, except for bought-back treasury shares, entitles the holder to one vote and carries the same entitlement to the company's assets and profits. The Nobia share and ownership structure are described in more detail on pages 64–65.

# Board of Directors





**Hans Larsson** 1.

Born 1942. B.Sc. Business Economics. Chairman since 1998, Board member since 1996. Chairman of Remuneration Committee. Independent.

**Other board assignments:** Chairman of Handelsbanken, Attendo and Valedo Partners Fund 1. Board member of Holmen.  
**Previous employment:** President of Swedish Match, Esselte and Nordstjernen. Previous chairmanships include NCC, Bilspedition/BTL, Sydsvenska Kemi and Althin Medical.

**Holdings in Nobia:** 390,000 shares.

**Preben Bager** 2.

Born 1948. President and CEO of Nobia AB since April 2008. Joined HTH in 1989. Joined Nobia in 1996.

**Other board assignments:** Board member of Dansk Cater, Cane Line Furniture and Jensens Bøfhus.  
**Previous employment:** Executive Vice President of Nobia, Senior Vice President UK, Business Unit Manager Magnet and HTH, President of Bianca Yachts, Sales Manager at Domino Furniture and President of Danica Køkkener.

**Holdings in Nobia:** 1,437,000 shares, 164,000 employee share options, 300,000 call options.

**Stefan Dahlbo** 3.

Born 1959. B.Sc. Business Administration. Board member since 2004. President of Investment AB Öresund. Independent.

**Other board assignments:** Chairman of Klövern. Board member of Investment AB Öresund and HQ.

**Previous employment:** President of Hagströmer & Qviberg.

**Holdings in Nobia:** 30,800 shares.

**Bodil Eriksson** 4.

Born 1963. Berghs School of Communication. Board member since 2003. Member of Remuneration Committee, Senior Vice President, Communications and Investor Relations at SCA. Independent.

**Other board assignments:** Board member of Hemtex and Intellecta.

**Previous employment:** Vice President at Axfood, Communications Director at Volvo Cars.

**Holdings in Nobia:** 900 shares.

**Wilhelm Laurén** 5.

Born 1943. B.Sc. Economics. Board member since 1996. Independent.

**Other board assignments:** Chairman of Swedestart Life Science kb and Euromaint. Board memberships include Ostnor and Moventas Oy.

**Previous employment:** Vice President and CFO of Fläktgruppen and Vice President of ABB.  
**Holdings in Nobia:** 90,000 shares.

**Harald Mix** 6.

Born 1960. MBA, B.Sc. Mathematics and Economics. Board member since 1996. Partner of Altor Equity Partners. Independent.

**Other board assignments:** Board member of Aalborg Industries, Dustin, Euro Cater, Lindorff, Northstar, Relacom, Piab, Papyrus, Wrist and Åkers.

**Previous employment:** Vice President of Industri Kapital.  
**Holdings in Nobia:** 600,000 shares.

**Thore Ohlsson** 7.

Born 1943. Board member since 2007. President of Elimexo. Independent.

**Other board assignments:** Chairman of Bastec, Thomas Frick and Tretorn. Vice Chairman of Puma AG. Board member of Elite Hotels.

**Previous employment:** President and CEO of Aritmos with wholly owned companies ABU-Garcia, Etonic Inc., Monark-Crescent, Stiga, Tretorn and Puma AG (84%). President of Trianon, Etonic Inc. and Tretorn. CEO of Tretorn.

**Holdings in Nobia:** 30,000 shares.

**Lotta Stalin** 8.

Born 1954. Board member since 2007. President of Bele Verksamhetsutveckling. Independent.

**Other board assignments:** Board member of FMV and The Swedish Recycling Industries' Association.

**Previous employment:** President of Kuusakoski Sverige. Business Area Manager FMV Logistics, Business Area Manager and Vice President Poolimon, Line Manager Electrolux, President of Överums Bruk, Plant Manager Electrolux Storkök.

**Holdings in Nobia:** 1,500 shares.

**Fredrik Palmstierna** 9.

Born 1946. B.Sc. Business Administration, MBA. Board member since 2006. President of Säkl since 1997. Dependent in relation to major shareholder.

**Other board assignments:** Chairman of Investment AB Latour. Board member of Securitas, Säkl, Hultafors, Fagerhult and Academic Work.

**Holdings in Nobia:** 321,000 shares.

*Employee representatives***Per Bergström** 10.

Born 1960. Employee representative since 2000. Employed at Marbodal since 1976.

**Holdings in Nobia:** 600 shares.

**Olof Harrius** 11.

Born 1949. Employee representative since 1998.

Employed at Marbodal since 1971.

**Holdings in Nobia:** 0 shares.

**Kjell Sundström** 12.

Born 1953. Alternate Board member, employee representative since 2007.

Employed at Myresjökök since 1992.

**Holdings in Nobia:** 0 shares.

**Marie Nilsson** 13.

Born 1973. Alternate Board member, employee representative since 2007.

Employed at Myresjökök since 2006.

Other board assignments: Board member of Myresjökök.

**Holdings in Nobia:** 0 shares.

*Auditors*

KPMG AB

Auditor in charge, Authorised Public Accountant:

**Helene Willberg**

Other auditing assignments: Cloetta, Fastighets AB Balder and Ortivus.

# Group management



## **Preben Bager** 1.

Born 1948. President and CEO of Nobia AB since April 2008. Joined HTH in 1989. Joined Nobia in 1996.

**Previous employment:** Executive Vice President of Nobia, Senior Vice President UK, Business Unit Manager Magnet and HTH, President of Bianca Yachts, Sales Manager at Domino Furniture and President of Danica Køkkener.

**Holdings in Nobia:** 1,437,000 shares, 164,000 employee share options, 300,000 call options.

## **Gun Nilsson** 2.

Born 1955. CFO. Employed at Nobia since 2008

**Previous employment:** President of Gambro Holding, Deputy President and CFO of Duni.

**Holdings in Nobia:** 45,000 employee share options, 100,000 call options.

## **Elmar Duffner** 3.

Born 1960. Business Unit Manager Poggenpohl. Employed at Poggenpohl since 2003.

**Previous employment:** Business Unit Manager Optifit 1999–2002.

**Holdings in Nobia:** 115,350 shares, 117,000 employee share options.

## **Henrik Karup Jørgensen** 4.

Born 1963. Business Unit Manager Nobia DK. Employed at Nobia Denmark since 2008.

**Previous employment:** COO of Royal Greenland A/S, President of Royal Greenland Seafood GmbH, HR Manager at Royal Greenland A/S, Purchasing Director KNI A/S, Department Store Manager Salling A/S.

**Holdings in Nobia:** 45,000 employee share options.

## **Jorma Lehtovuori** 5.

Born 1952. Business Unit Manager Novart. Employed at Novart since 1985.

**Previous employment:** CFO of SR-Kone Oy and Tuomisen Puku Oy, Controller at Oy Martor.

**Holdings in Nobia:** 7,500 shares, 117,000 employee share options.

## **Christian Rösler** 6.

Born 1967. Business Unit Manager Pronorm/EWE/FM. Employed at EWE/FM since 2007.

**Previous employment:** Various senior management positions at IKEA Austria.

**Holdings in Nobia:** 45,000 employee share options.

## **Roy Saunders** 7.

Born 1958. Business Unit Manager Nobia UK. Employed at Magnet since 2004.

**Previous employment:** COO and CFO of Magnet and CFO of My Travel.

**Holdings in Nobia:** 115,500 employee share options.

## **Daniel Souissi** 8.

Born 1949. Business Unit Manager Hygena. Employed at Hygena since 2001.

**Previous employment:** Partner Senior Vice President Associate Consulting Group.

**Holdings in Nobia:** 92,000 employee share options.

## **Ingemar Tärnskär** 9.

Born 1961. Business Unit Manager Nobia SweNo. Employed at Nobia since 1998.

**Previous employment:** Supply Director at Magnet, Vice President Supply Nobia, Business Area Manager Doors at Nobia.

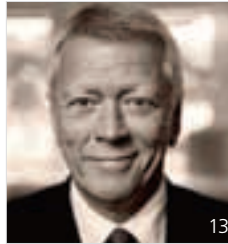
**Holdings in Nobia:** 10,000 shares, 115,500 employee share options.

## **Bo Johansson** 10.

Born 1965. Supply Chain Management. Employed at Nobia since 2005.

**Previous employment:** Business Development Manager Europe and Global Accounts at Flextronics Enclosures Europe, Sales Director at Europe Flextronics International, and Production Manager and Sales Manager at Swedform Metall.

**Holdings in Nobia:** 22,800 shares, 174,000 employee share options and 45,000 call options.



**Thomas Myringer** 11.

Born 1960. Human Resources. Employed at Nobia since 2003.  
**Previous employment:** Human Resources Manager at Skanska Europe, Skanska Management Institute, Skanska International Civil Engineering and Ohlsson & Skarne.  
**Holdings in Nobia:** 1,500 shares, 84,500 employee share options.

**Lennart Rappe** 12.

Born 1944. Executive Vice President Nobia. Mergers and Acquisitions. Employed at Nobia since 1999.  
**Other board assignments:** Board member of Jötul AS.  
**Previous employment:** CFO of Nobia, Vice President of Esab, CFO of VME Group, Volvo Trucks and Spectra-Physics.  
**Holdings in Nobia:** 401,160 shares, 99,000 employee share options and 60,000 call options.

**Egil Wold** 13.

Born 1947. Business Development. Employed at Nobia since 1996.  
**Previous employment:** Senior Vice President Nordic region, Various positions within HTH in Norway and Sweden since 1981, Marketing Director of Sigdal, Manager of Swedoor's and Nobia's business in Norway and Business Unit Manager Sigdal.  
**Holdings in Nobia:** 555,000 shares, 129,000 employee share options and 90,000 call options.

**Ingrid Yllmark** 14.

Born 1963. Communications and IR. Employed at Nobia since 2006.  
**Previous employment:** Managing positions within communications at SJ, Akzo Nobel, Pronator and Philipson Bil.  
**Holdings in Nobia:** 3,000 shares, 65,000 employee share options.