

CORPORATE GOVERNANCE

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 Swedish Corporate Governance Code, the Articles of Association, the Swedish Companies Act and the regulations issued by the NASDAQ OMX Stockholm.

Nobia has applied the Swedish Corporate Governance Code (the Code) since 1 July 2005 and in 2012, the company had no deviations to report. Nobia also applies the Swedish annual accounts act concerning the company's corporate governance reporting. 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. No violations of applicable stock exchange regulations were reported.

2012 Annual General Meeting

The right of shareholders to make decisions concerning the affairs of Nobia is exercised at the Annual General Meeting. A notice convening the Annual General Meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2012 Annual General Meeting was held on 11 April at Summit, Grev Turegatan 30 in Stockholm. 116 shareholders participated in the 2012 Annual General Meeting, representing 67 per cent of the capital and votes in Nobia. The Board of Directors, members of Group management and auditors were present at the Meeting. Board Chairman Johan Molin was elected Chairman of the Meeting. In accordance with the Board of Directors' recommendation, the Annual General Meeting resolved that no dividends be paid for the 2011 fiscal year. The decision was motivated by the fiscal year's weak earnings after tax and aimed at strengthening the financial position of the company and the Group in the light of the market trends and future restructuring measures. The Meeting also adopted the proposals that the number of Board members should be eight without any deputy members, the fees to be paid to the Board and the Board Chairman, and the election of Board members and auditors. Lilian Fossum Biner was elected a new Board member. Lotta Stalin declined re-election. All other Board members were re-elected and Johan Molin was re-elected Board Chairman. The Annual General Meeting resolved in accordance with the Board of Directors' proposal to authorise the Board of Directors to make decisions concerning acquisitions and sales of treasury shares.

The complete minutes from the Annual General Meeting are available on Nobia's website at www.nobia.com.

Individual shareholders wishing to have a specific matter addressed by the Annual General Meeting can do so by submit a request to the Board in good time prior to the Meeting, to the address published on the Group's website.

Articles of Association

Nobia's Articles of Association regulate such matters as the focus of the operations, information about share capital and how 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.

On 31 December 2012, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares. All of the

shares are of the same class. The share's quotient value is SEK 0.33. All shares, except for bought-back treasury shares, entitle owners to a share of the company's assets and profit. The Nobia share and ownership structure are described in more detail on pages 90–91.

Nomination Committee

In accordance with the principles for the composition of the Nomination Committee adopted at the 2008 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 are offered an opportunity to 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. In addition, the Chairman of the Board may be appointed as a member of the Nomination Committee. In accordance with the Code, 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 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.

Prior to the 2013 Annual General Meeting, the members of the Nomination Committee, representing approximately 53 per cent of capital and votes, comprised Tomas Billing, (Nomination Committee Chairman) Nordstjernan, Fredrik Palmstierna, Latour, Björn Franzon, Swedbank Robur Funds and Ricard Wennerklint, If Skadeförsäkring and, following a decision by the other members of the Nomination Committee, Board Chairman Johan Molin. No remuneration is paid to the Committee members.

The Nomination Committee held four minuted meetings prior to the 2013 Annual General Meeting. Based on the company's strategy and priorities, the Nomination Committee's work included an evaluation of the results of the Board of Directors' own evaluation, its size and structure and the election of an auditor.

The Nomination Committee's proposals prior to the 2013 Annual General Meeting are incorporated in the notice of the Annual General Meeting, which was published on Nobia's website on 12 March 2013. The principles for the composition of the Nomination Committee and the Nomination Committee's reasons for proposing the election of the Board of Directors and so forth are also available at www.nobia.com.

Shareholders are welcome to contact the Nomination Committee and submit proposals via post to Nobia AB, Valberedningen, Box 70376, SE-107 24 Stockholm, Sweden.

Work of the Board of Directors

In accordance with Nobia's Articles of Association, the Board is, to the extent appointed by the General Meeting, to comprise not fewer than three and not more than nine members, with not more than three deputy members. The 2012 Annual General Meeting resolved that the Board was to comprise eight members with no deputy members. The Board also includes two members, with two deputy members, who are appointed by employees' organisation in accordance with the Swedish Board Representation (Private Sector Employees) Act. The Code also contains certain requirements regarding the composition of the Board of Directors, for example, the majority of the Board members elected by the Annual General Meeting shall be independent in relation to the company and company management. 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 President is proposed as a member of the Board proposed to the 2013 Annual General Meeting. This has been the case in earlier years, except for 2010 when the President decided to retire. 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 2012 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. The rules of procedure include a calendar schedule with accompanying checklists. In 2012, the strategy of achieving the Group's operating margin targets of 10 per cent continued to receive a great deal of focus in the Board of Directors' work. Issues relating to brands, range, production consolidation and supply chain were key components of these efforts. Issues surrounding the cost-saving programme to address lower sales volumes were dealt with during the year. In the summer of 2012, the Board of Directors visited Nobia's plants in France. The Board members are presented on pages 40–41. Attendance at Board meetings is shown in the table on page 39.

The work of the Board in 2012 was evaluated by all Board members completing a number of questions specifically related to the Board's work. The members' responses were compiled and subsequently presented and discussed by the Board. The Board decided that the same evaluation method would be employed for the forthcoming year. The Board also evaluates the President on an ongoing basis throughout the year.

The Board does not have a separate audit Committee. Instead, control issues to be discussed by such a Committee are managed by the Board in its entirety, except for the President who does not participate in these issues. Accordingly, the Board can monitor significant issues regarding the company's financial reporting and its internal control, and risk management of financial issues. The same applies to significant issues related to the audit of the annual report and consolidated finan-

cial statements and the impartiality and independence of the auditors. 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. Furthermore, the Board assists in the preparation of the Nomination Committee's proposals for the Annual General Meeting's decision regarding the election of auditors.

One occasion is primarily devoted to the planning of the year's audit. In the hard-close audit at the end of September, the company's processes for internal control are also addressed. Finally, reporting is received 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 April 2012, the auditors presented and discussed the focus and scope of the audit, which also took particular consideration of the risk perspective regarding internal control. At the meeting in October, the auditors reported on the control self-assessment and IT-audit that the company's commercial units perform annually. Also at this meeting, the auditors presented their observations from the hard-close audit. The examination of the annual accounts for 2012 was presented at the Board meeting in February 2013.

In 2012, the Group's CFO served as the Board of Directors' secretary.

On 1 September 2012, Bodil Eriksson stepped down from the Nobia Board at her own request.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period from the 2012 Annual General Meeting until the 2013 Annual General Meeting comprised Johan Molin (Chairman), Fredrik Palmstierna and Nora Førisdal Larssen. The Committee's task is to prepare proposals to the Board relating to 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. Furthermore, the Committee submits proposals to the Annual General Meeting regarding principles for remuneration and other employment terms for senior executives and monitors and evaluates the ongoing programmes for variable remuneration to senior executives, and the programmes concluded during the year, and the implementation of the Annual General Meeting's decision on guidelines for remuneration to senior executives. The Committee held three meetings during the year.

Remuneration to senior executives

The members of Group management receive both fixed and variable remuneration. The basic principle is that the variable remuneration may comprise a maximum of 30 per cent of fixed annual salary. The exception is the President whose variable salary portion may total a maximum of 50 per cent of fixed annual salary. Exceptions may also be made for senior executives following decisions by the Board. The variable salary portion is normally divided between several targets, for example, the Group's earnings, earnings in the business unit for which the manager is responsible and individual/quantitative targets. The variable salary portion is based on an earnings period of one year. The targets for the President are established by

the Board. The targets for the other senior executives are established by the President following recommendations by the Board's Remuneration Committee.

In the period 2005-2011, Nobia implemented long-term employee share option schemes for senior managers. These schemes encompassed about 100-200 managers and employees every year. The Remuneration Committee's follow-ups and monitoring of the Group's former employee share option scheme indicated a need for a slight structural change. The 2012 Annual General Meeting resolved to introduce a new share-based remuneration scheme based on matching and performance shares ("Performance Share Plan 2012"). Unlike the former scheme, this Plan requires that participants acquire shares in Nobia. The remuneration schemes are described in more detail in the "Financial overview" of the Board of Directors' report on page 30. The remuneration and benefits of senior executives are described in Note 4 on page 62.

Group management

Group management, refer to page 42, holds regular Group-management meetings led by the President. The President and the CFO meet the management group of each business unit at local management meetings three times a year.

Auditors

KPMG AB was elected as the company's auditor for a mandate period of one year until the conclusion of the 2013 Annual General Meeting. The Auditor in Charge is Authorised Public Accountant Helene Willberg. KPMG AB with Helene Willberg as Auditor in Charge is proposed for re-election at the 2013 Annual General Meeting. 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 6, page 66.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2012 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 Chapter 6, Section 6, second paragraph, second point of the Swedish Annual Accounts Act, and is thereby limited to the internal control and risk management of the financial reporting. The description of the Group's internal control and risk management systems also includes the description of the company's systems.

Control environments and governance documents

The structure of Nobia is organised so that the first stage of the value chain, sourcing/purchasing, production and logistics have Group-wide management functions. The main task of these operations units is to capitalise on the opportunities of economies of scale that exist in each individual area. The commercial units are responsible for developing Nobia's sales channels and brands in line with Nobia's strategy.

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 governance 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.

The documentation concerning principles and methods for reporting, internal governance, controls and monitoring are collected in Nobia's financial & administration Manual. This Manual is available to all relevant employees on the Nobia intranet.

Each 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 policies. These instructions are included in the aforementioned manual. All finance managers from the various units meet once a year to discuss various topics relevant to financial reporting.

Risk management

The Group has introduced methods for risk assessment and risk management to ensure that the risks to which the Group is exposed are managed within the established frameworks. The risks identified concerning financial reporting are managed in the Group's control structure and are monitored and assessed continuously. One of the tools used for this purpose is self-assessment, a process that is performed by local management groups and evaluated annually according to established procedures. Risk assessments are described in more detail on pages 34–35.

Financial information

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

The Group monitors compliance with these governance documents and measures the efficiency of control structures.

In addition, the Group's information and communication channels are monitored to ensure that these channels are appropriate for the financial reporting. Furthermore, the Group has developed check-lists to ensure compliance with the disclosure requirements in the financial statements.

Monitoring by the Board

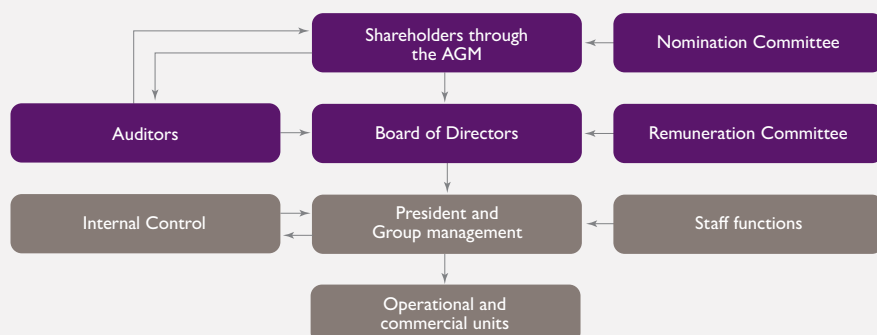
The outcome of the Group's risk assessment and risk management processes is addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

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

The Group's internal control function, which is an integrated part of the central finance function, monitored viewpoints that emerged during the year from the internal control self-assessment at some of the larger units. The results of these reviews, the measures to be taken and their status are reported to the Board.

Nobia does not currently have an internal audit function. The Board has discussed this matter and found the existing monitoring and assessment structure of the Group to be satisfactory. External services may also be engaged in the context of certain special examinations. This decision is reviewed annually.

OVERVIEW OF GOVERNANCE AT NOBIA



Key external regulatory frameworks:

- The Swedish Companies Act
- IFRS and the Swedish Annual Accounts Act
- NASDAQ OMX Stockholm's issuer rules
- Swedish Corporate Governance Code, www.corporategovernanceboard.se

Key internal regulatory frameworks:

- Articles of Association
- The Board's rules of procedure and instructions on the distribution of duties between the Board and President, internal policies, guidelines, manuals, codes and checklists
- Nobia financial & administration Manual
- Risk management processes

BOARD OF DIRECTORS IN 2012

		Board meetings, 8 meetings in total	Remuneration Committee, 3 meetings in total	Year of birth	Board member since	Nationality	Independence
Johan Molin	Chairman	8	3	1959	2010	Swedish	Dependent ⁴⁾
Morten Falkenberg	President and CEO	8		1958	2011	Danish	Dependent ⁵⁾
Lilian Fossum Biner ¹⁾	Board member	5		1962	2012	Swedish	Independent
Bodil Eriksson ²⁾	Board member	3		1963	2003	Swedish	Independent
Rolf Eriksen	Board member	6		1944	2010	Danish	Independent
Nora Førisdal Larssen	Board member	8	3	1965	2011	Norwegian	Dependent ⁴⁾
Thore Olsson	Board member	8		1943	2007	Swedish	Independent
Lotta Stalin ³⁾	Board member	1		1954	2007	Swedish	Independent
Fredrik Palmstierna	Board member	8	3	1946	2006	Swedish	Dependent ⁴⁾
Per Bergström	Employee representative	8		1960	2000	Swedish	
Olof Harrius	Employee representative	8		1949	1998	Swedish	
Marie Nilsson ⁶⁾	Employee representative	8		1973	2007	Swedish	
Patrik Falck ⁶⁾	Employee representative	8		1965	2011	Swedish	

1) Board member from 11 April 2012

2) Left Board on 1 September 2012

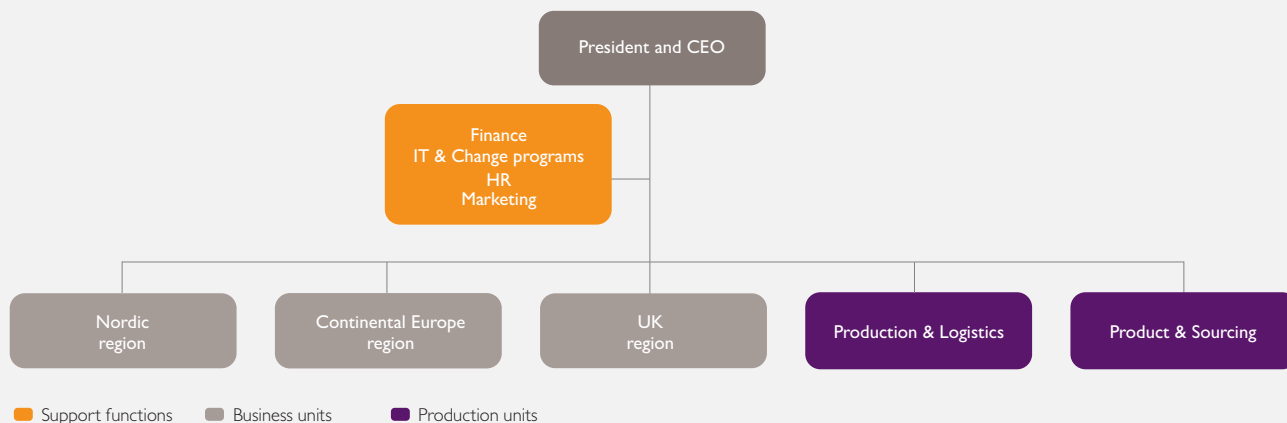
3) Board member until 11 April 2012

4) Dependent in relation to major shareholders

5) President

6) Deputy

NOBIA'S ORGANISATION



BOARD OF DIRECTORS

**Johan Molin 1.**

Born 1959. B.Sc. Business Administration. President and CEO of ASSA ABLOY. Chairman of the Board since 2011. Board member since 2010. Dependent in relation to major shareholders.

Board assignments: Board member of ASSA ABLOY.

Previous employment: CEO of Nilfisk-Advance and Head of division at Atlas Copco.

Holding in Nobia: 283,051 shares, 400,000 call options.

Morten Falkenberg 2.

Born 1958, B.Sc. Business Administration. President and CEO of Nobia. Board member since 2011.

Board assignments: Board member of Velux Group.

Previous employment: Executive Vice President and Head of Floor Care and Small Appliances at Electrolux, senior positions in TDC Mobile and the Coca-Cola Company.

Holding in Nobia: 339,664 shares (private and occupational pension), 500,000 call options and 105,000 employee share options.

Holding in related companies: –

Nora Førisdal Larssen 3.

Born 1965. B.Sc. Business Economics, MBA. Senior Investment Manager at Nordstjernen. Board member since 2011. Dependent in relation to major shareholders.

Board assignments: Chairman of Etac and Emma S, Board member of Ekornes and Filippa K.

Previous employment: Product Line manager at Electrolux and Partner in McKinsey & Co.

Holding in Nobia: 5,000 shares.

Lilian Fossum Biner 4.

Born 1962. Board member since 2012. B.Sc. Business Administration. Independent.

Board assignments: Board member of Oriflame, Retail & Brands, Thule, Givaudan, Melon Fashion Group OJSC and a-connect AG.

Previous positions: Vice President and CFO Axel Johnsson, Senior Vice President and HR Director at Electrolux.

Holding in Nobia: 6,000 shares



Thore Ohlsson 5.

Born 1943. President of Elimexo.

Board member since 2007. Independent.

Board assignments: Chairman of Bastec, Thomas Frick and Tretorn. Board member of Cobra inc., Elite Hotels AB and Puma SE.

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.

Holding in Nobia: 70,000 shares, 250,000 call options.

Fredrik Palmstierna 6.

Born 1946. B.Sc. Business Administration, MBA. Board member since 2006. Dependent in relation to major shareholders.

Board assignments: Chairman of Investment AB Latour. Board member of Securitas, Hultafors, Fagerhult, Academic Work and the Viktor Rydberg Schools foundation.

Holding in Nobia: 351,338 shares.

Rolf Eriksen 7.

Born 1944.

Board member since 2010. Independent.

Board assignments: Hennes & Mauritz A/S, Royal Copenhagen A/S, Bianco Footwear A/S, BoConcept A/S.

Previous employment: President of H&M Hennes & Mauritz A/S Denmark and H&M Hennes & Mauritz AB Sweden.

Holding in Nobia: 125,000 call options.

Employee representatives

Per Bergström 8.

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

Board assignments: Board member of Tidaholms Energi AB and Elnät AB.

Holding in Nobia: 5,000 call options.

Olof Harrius 9.

Born 1949. Employee representative since 1998. Employed at Marbodal since 1971.

Holding in Nobia: 5,000 call options.

Patrik Falck 10.

Born 1965. Deputy Board member.

Employee representative since 2011.

Employed at Marbodal since 1986.

Holding in Nobia: –

Marie Nilsson 11.

Born 1973. Deputy Board member.

Employee representative since 2007.

Employed at Myresjökök since 2007.

Holding in Nobia: 1,500 call options.

Auditors

KPMG AB

Auditor in Charge, Authorised Public Accountant:

Helene Willberg

Other auditing assignments:

Cloetta, Investor, Thule and Höganäs.

GROUP MANAGEMENT



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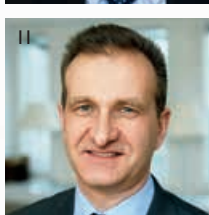
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Morten Falkenberg 1.

Born 1958, B.Sc. Business Administration.

President and CEO of Nobia.

Employed at Nobia since 2010

Previous employment: Executive Vice President and Head of Floor Care and Small Appliances at Electrolux, senior positions in TDC Mobile and the Coca-Cola Company.**Holding in Nobia:** 339,664 shares (private and occupational pension), 500,000 call options and 105,000 employee share options.**Holding in related companies:** –**Mikael Norman** 2.

Born 1958. CFO.

Employed at Nobia since 2010.

Previous employment: Group controller, Electrolux.**Holding in Nobia:** 19,360 shares, 100,000 call options and 100,000 employee share options.**Ingemar Tärnskär** 3.

Born 1961. Executive Vice President and

Head of Production and Logistics.

Employed at Nobia since 1998.

Previous employment: Management positions at Nobia.**Holding in Nobia:** 9,360 shares, 70,000 call options and 100,000 employee share options.**Christian Rösler** 4.

Born 1967. Executive Vice President and Head

of Continental European and CEE Professional.

Employed at Nobia since 2007.

Previous employment: Management positions at IKEA Austria.**Holding in Nobia:** 100,000 employee share options.**Peter Kane** 5.

Born 1965. Executive Vice President and

Head of UK Retail.

Employed at Magnet since 1984.

Previous employment: Management positions at Magnet.**Holding in Nobia:** 23,726 shares and 100,000 employee share options.**Titti Lundgren** 6.

Born 1966. Executive Vice President and

Head of Group Marketing.

Employed at Nobia since 2012.

Previous employment: President of Natural Fragrance of Sweden. Management positions at SSL International and Scholl.**Holding in Nobia:** –**Jonas Hård** 7.

Born 1971. Executive Vice President

and Head of Change Programmes & IT.

Employed at Nobia since 2010.

Previous employment: Management positions at Vin & Sprit, Maxxium and Electrolux.**Holding in Nobia:** 9,958 shares, 70,000 call options and 100,000 employee share options.**Lars Völkel** 8.

Born 1975. Executive Vice President,

Luxury Retail & Professional.

Employed at Nobia since 2011.

Previous employment: Senior positions at Electrolux and EDS.**Holding in Nobia:** 50,000 employee share options.**Lars Bay-Smidt** 9.

Born 1968. Executive Vice President,

Nobia Denmark.

Employed at Nobia since 2008.

Previous employment: Senior sales positions at HTH Køkkener A/S, Actona Company A/S, Bøg Madsen A/S and Gasa Aarhus A/S.**Holding in Nobia:** 40,000 employee share options.**Thomas Myringer** 10.

Born 1960. Executive Vice President,

HR Director.

Employed at Nobia since 2003.

Previous employment: Senior HR positions in the Skanska Group.**Holding in Nobia:** 7,172 shares, 30,000 call options and 80,000 employee share options.**Dominique Maupu** 11.

Born 1963. Executive Vice President,

Head of Hygena.*

Employed at Nobia since 2013.

Previous employment: Management positions Darty, Kpark and Lapeyre.**Holding in Nobia:** –

* Took office on 1 February 2013.

Per Kaufmann held this position in 2012.

