

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. The Nobia Group has an information and IR policy adopted by the Board to ensure appropriate and standardised provision of information to all shareholders.

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.

2009 Annual General Meeting

The 2009 Annual General Meeting was held on 2 April 2009 at Summit, Grev Turegatan 30 in Stockholm. Board Chairman Hans Larsson was elected Chairman of the Meeting. With regard to the fact that Nobia's sales and earnings were lower than expected during the first months of 2009 and with the aim of creating financial scope for rapidly implementing efficiency enhancements in the production structure, the Annual General Meeting accepted the Board of Directors' new recommendation that no dividends be paid to shareholders for the 2008 fiscal year. In addition, the Meeting adopted the proposals that the number of Board members should be nine excluding alternates, the fees to be paid to the Board and the Board Chairman, and the election of Board members. Joakim Rubin, partner at CapMan group, was elected a new Board member. Harald Mix declined re-election. All other Board members were re-elected. The Code and the NASDAQ OMX in Stockholm's Listing Agreement contain 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 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 complete minutes from the Annual General Meeting are available on Nobia's website at 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. In addition, 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 2009–2010 were: Fredrik Palmstierna from SäkI (Chairman of the Nomination Committee), Åsa Nisell from Swedbank Robur funds, Conny Karlsson from CapMan, 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 (Fredrik Palmstierna) 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 six minuted meetings prior to the 2010 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 were published on 16 December 2009. The Nomination Committee's complete proposals 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 principles for the composition of the Nomination Committee are available at 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 and four extraordinary meetings during the 2009 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 2009, 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 monitoring action plans due to the lower demand situation in the autumn of 2008 and most of 2009. The Secretary at the Board meetings was Gun Nilsson, CFO, who succeeded Lennart Rappe on 2 April 2009. Attendance at Board meetings during the year is shown in the table on page 75.

The annual evaluation of the work of the President and the Board in 2009 was performed by the Chairman conducting individual interviews with each Board member. The results of these interviews, which followed an agenda distributed in advance, were subsequently discussed by the Board and decisions were taken to implement the relevant measures in the forthcoming year.

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 this year's audit, 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 2009, 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's business units perform annually. Also at this meeting, the auditors presented their observations from the hard-close audit.

The examination of the annual accounts for 2009 was presented at the Board meeting in February 2010.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period until the 2010 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.

Remuneration to senior executives

All senior executives in the management group are offered, under a main principle, a basic salary supplemented with variable remuneration comprising a maximum of 30 per cent of fixed annual salary when individual (and primarily quantitative) targets are met. For the President, this variable salary portion may total a maximum of 50 per cent of annual salary. In addition, approximately 150 managers have also been offered the opportunity to participate in a long-term employee share option scheme described in more detail in the Board of Directors' Report. 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, CFO and Chief Operating Officer 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 2009 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 according to the wording prior to 1 February 2010, meaning that it 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 does not currently have an internal audit function. The Board has discussed this matter and found the existing monitoring and evaluation structure of the company to be suitable. External services may also be engaged in the context of certain special examinations. The decision on this issue is reviewed every year.

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. This Manual is available to all relevant employees on the company's intranet.

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 policies. 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 26–27.

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 are 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.

On 31 December 2009, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares in one class of share. The quotient 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.

Overview of governance at Nobia



Key external regulations:

- Companies Act
- Accounting legislation
- NASDAQ OMX in Stockholm's Listing Agreement
- Swedish Code of Corporate Governance

Key internal regulations:

- Articles of Association
- Internal policies, guidelines, manuals, codes and checklists
- Nobia Financial & Administration Manual
- Risk management processes

Board of Directors in 2009

		Board meetings, 12 meetings in total	Remuneration Committee 3 meetings in total	Year of birth	Board member since	Nationality	Independence
Hans Larsson	Chairman	12	3/3	1942	1996	Swedish	independent
Preben Bager	President and CEO	12		1948	2008	Danish	dependent ¹⁾
Stefan Dahlbo	Board member	11	3/3	1959	2004	Swedish	independent
Bodil Eriksson	Board member	12	3/3	1963	2003	Swedish	independent
Wilhelm Laurén	Board member	12		1943	1996	Swedish	independent
Harald Mix	Board member	3		1960	1996	Swedish	independent
Thore Olsson	Board member	11		1943	2007	Swedish	independent
Lotta Stalin	Board member	12		1954	2007	Swedish	independent
Fredrik Palmstierna	Board member	12		1946	2006	Swedish	dependent ²⁾
Joakim Rubin	Board member	8		1960	2009	Swedish	independent
Per Bergström	Employee representative	12		1960	2000	Swedish	
Olof Harrius	Employee representative	10		1949	1998	Swedish	
Kjell Sundström	Employee representative ³⁾	12		1953	2007	Swedish	
Marie Nilsson	Employee representative	12		1973	2007	Swedish	

1) President

2) Dependent in relation to major shareholders

3) Alternate



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 Nordstjernan. Previous chairmanships include NCC, Bilspedition/BTL, Sydsvenska Kemi and Althin Medical.

Holding in Nobia: 365,000 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.

Holding in Nobia: 1,515,500 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 Klöver. Board member of Investment AB Öresund and HQ.

Previous employment: President of Hagströmer & Qviberg.

Holding in Nobia: 20,800 shares.

Bodil Eriksson 4.

Born 1963. Berghs School of Communication. Board member since 2003. Member of Remuneration Committee, Executive Vice President of Apotek Hjärtat. Independent.

Other board assignments: Board member of Intellecta.

Previous employment: Senior Vice President, Communications and Investor Relations at SCA, Vice President at Axfood, Communications Director at Volvo Cars.

Holding 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 Moventas Oy.

Previous employment: Vice President and CFO Fläktgruppen and Vice President of ABB.

Holding in Nobia: 90,000 shares.

Joakim Rubin 6.

Born 1960. Board member since 2009. Civil engineer industrial finance. Senior partner at CapMan Group. Independent.

Previous employment: Handelsbanken Capital Markets Head of Corporate Finance and Debt Capital Markets.

Holding in Nobia: 0 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.

Holding in Nobia: 30,000 shares.

Lotta Stalin 8.

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

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

Holding in Nobia: 1,500 shares.

Fredrik Palmstierna 9.

Born 1946. B.Sc. Business Economics, 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.

Holding in Nobia: 201,000 shares.

Employee representatives

Per Bergström 10.

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

Holding in Nobia: 600 shares.

Olof Harrius 11.

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

Holding in Nobia: 0 shares.

Kjell Sundström 12.

Born 1953. Alternate, employee representative since 2007. Employed at Myresjökök since 1992.

Holding in Nobia: 0 shares.

Marie Nilsson 13.

Born 1973. Alternate, employee representative since 2007. Employed at Myresjökök since 2006.

Other board assignments: Board member of Myresjökök.

Holding in Nobia: 0 shares.

Auditors

KPMG AB

Auditor in Charge, Authorised Public Accountant:

Helene Willberg

Other auditing assignments:

Cloetta and Ortivus.

Group management

Preben Bager 1.

Born 1948. President and CEO of Nobia AB since 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.

Holding in Nobia AB: 1,515,500 shares, 164,000 employee share options, 300,000 call options.

Mikael Norman 2.

Born 1958. CFO. Joined Nobia in 2010.

Previous employment: Group controller Electrolux.

Holding in Nobia AB: 0 shares.

Gun Nilsson was employed as CFO until 15 January 2010.

Thomas Myringer 3.

Born 1960. Human Resources. Joined Nobia in 2003.

Previous employment: Human Resources Manager at Skanska Europe, Skanska Management Institute, Skanska International Civil Engineering and Skanska Bostäder.

Holding in Nobia AB: 1,500 shares, 84,500 employee share options.

Jonas Hård 4.

Born 1971. IT. Joined Nobia in 2010.

Previous employment: Controller and IT positions at Electrolux, Vin & Sprit and Maxxium Worldwide.

Holding in Nobia AB: 2,000 shares

Ingrid Yllmark 5.

Born 1963. Communications and IR. Joined Nobia in 2006.

Previous employment: Management positions within Communications at SJ, Akzo Nobel, Pronator and Philipson Bil.

Holding in Nobia AB: 65,000 employee share options.

Göran Westerberg 6.

Born 1971. Chief Operations Officer. Joined Nobia in 2009.

Previous employment: Deputy Business Area Manager Bedroom and Bathroom Global at IKEA, Managing Director at IKEA Trading India Pvt. Ltd., Regional Manager at IKEA South Asia, Material Area Manager at IKEA Trading India Pvt. Ltd.

Holding in Nobia AB: 2,000 shares, 50,000 employee share options.

Björn Block 7.

Born 1974. Product Range. Employed at Marbodall since 2004 and in Nobia since 2010.

Previous employment: Design and Product Development at Nobia SweNo.

Holding in Nobia AB: 2,000 shares.

Ingemar Tärnskär 8.

Born 1961. Production. Joined Nobia in 1998.

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

Holding in Nobia AB: 10,000 shares, 111,500 employee share options.

Mats Rignell 9.

Born 1959. Sourcing and Logistics. Joined Nobia in 2010.

Previous employment: Purchasing positions at IKEA, SCA, Mölnlycke and Åkerlund & Rausing.

Holding in Nobia AB: 4,200 shares.

Nick Friend 10.

Born 1957. Joined Nobia in 2007. Business Unit: Hygena.

Previous employment: Business Unit Manager at Gower, senior positions at Baxi Group.

Holding in Nobia AB: 0 shares, 45,000 employee share options.

Henrik Karup Jørgensen 11.

Born 1963. Employed at Nobia Denmark since 2008. Business Unit: Scandinavian brands and HTH.

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

Holding in Nobia AB: 2,107 shares, 95,000 employee share options.

Jorma Lehtovuori 12.

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

Holding in Nobia AB: 7,500 shares, 137,000 employee share options.

Peter Kane 13.

Born 1965. Employed at Magnet since 1984. Business Unit: Magnet.

Previous employment: Senior positions at Magnet.

Holding in Nobia AB: 15,525 shares.

Elmar Duffner 14.

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

Previous employment: Business Unit Manager Optifit 1999–2002.

Holding in Nobia AB: 115,350 shares, 117,000 employee share options.

Christian Rösler 15.

Born 1967. Employed at EWE-FM since 2007. Business Unit: EWE/FM.

Previous employment: Senior managerial positions at IKEA Austria.

Holding in Nobia AB: 45,000 employee share options.

Leo Brecklinghaus 16.

Born 1959. Employed at Optifit since 2000. Business Unit: Optifit.

Previous employment: Production Manager Huelsta Furniture.

Holding in Nobia AB: 18,000 shares, 81,000 employee share options.

