

Corporate Governance Report

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). In addition, Nobia 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. 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.

2010 Annual General Meeting

The 2010 Annual General Meeting was held on 30 March 2010 at Summit, Grev Turegatan 30 in Stockholm. Board Chairman Hans Larsson was elected Chairman of the Meeting. In accordance with the Board of Directors' recommendation, the Annual General Meeting resolved that no dividends be paid to shareholders for the 2009 fiscal year. The reason for the decision was the company's negative earnings after tax and the aim was to strengthen the company's and Group's financial position given market trends, financial commitments and future restructuring measures. In addition, the Meeting adopted the proposals that the number of Board members should be eight excluding alternates, the fees to be paid to the Board and the Board Chairman, and the election of Board members. Rolf Eriksen and Johan Molin were elected new Board members. Wilhelm Laurén, Joakim Rubin and Preben Bager declined re-election. All other Board members were re-elected and Hans Larsson was re-elected Board Chairman.

Johan Molin was elected Deputy Chairman at the subsequent statutory Board meeting following election. The Annual General Meeting decided in accordance with the Board's proposal to authorise the Board of Directors to acquire and sell treasury shares.

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

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 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. 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, 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 2010–2011 were: Fredrik Palmstierna from Säkl (Chairman of the Nomination Committee), Åsa Nisell from Swedbank Robur funds, Lars Bergkvist from Lannebo funds, and Tomas Billing from Nordstjernan 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 five minuted meetings prior to the 2011 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, and the election of auditors.

The Nomination Committee's proposals prior to the 2011 Annual General Meeting are incorporated in the notice to attend the Annual General Meeting published on Nobia's website on 28 February. The principles for the composition of the Nomination Committee are also available at www.nobia.com.

Work of the Board of Directors

The Board of Directors of Nobia AB comprises eight standard Board members elected by the Annual General Meeting and two Board members with two alternates appointed by the employees. The Code 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. Fur-

thermore, 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 2011 Annual General Meeting. This has been the case in earlier years, except for the preceding year 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 ten scheduled meetings and one extraordinary meeting during the 2010 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 2010, the Board's work focused on issues concerning Group strategy pertaining to brands, concepts, product range, production and the supply chain, as well as issues related to the new organisational structure. Mikael Norman, Nobia's CFO, succeeded Gun Nilsson as the Secretary to the Board on 30 March 2010. Morten Falkenberg was appointed the new President by the Board on 27 April 2010. Morten Falkenberg took office on 6 October 2010, the same date on which Preben Bager stepped down as the President of Nobia. A presentation of the Board members and President is found on pages 32–34. Attendance at Board meetings during the year is shown in the table on page 31.

The Board's work in 2010 was evaluated by all Board members completing a number of questions about the Board work specifically prepared for this purpose. 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 does not have a separate audit committee. Instead, control issues to be dis-

cussed by such a committee are addressed by the Board in its entirety, except for Board members who are employed by the company. 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 financial statements and the impartiality and independence of the auditors. 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. 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 the 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 2010, 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 2010 was presented at the Board meeting in February 2011.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period until the 2011 Annual General Meeting comprises Hans Larsson (Chairman), Johan Molin and Fredrik Palmstierna. Bodil Eriksson and Stefan Dahlbo were members of the Committee until the 2010 Annual

General Meeting. 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 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 five meetings during the year.

Remuneration to senior executives

All senior executives in the management group are offered, under a main principle, a fixed annual salary supplemented by variable remuneration comprising 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: 1) The Group's earnings; 2) Earnings in the business unit for which the manager is responsible; and 3) Individual/qualitative 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 addition, approximately 100 senior managers have also been offered the opportunity to participate in a long-term employee share option scheme described in more detail in the "Financial Overview" of the Board of Directors' Report. The remuneration

neration and benefits of senior executives are described in Note 4 on page 54.

Group management

Group management, refer to page 34, holds regular Group-management meetings led by the President. The President and 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 auditors for a four-year mandate at the 2007 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 2011 Annual General Meeting. In accordance with the new regulations of the Swedish Companies Act from 1 January 2011, the mandate period for auditors is one year. 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 58.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2010 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 environment and steering documents

Effective 2010, the structure of Nobia was organised by function 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 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.

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 26–27.

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 steering 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 steering 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 checklists 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 monthly 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, followed up on viewpoints that emerged during the year from the self-assessments of the internal control at some of the larger units. The results of these reviews, the measures to be taken and their status are reported to the Board.

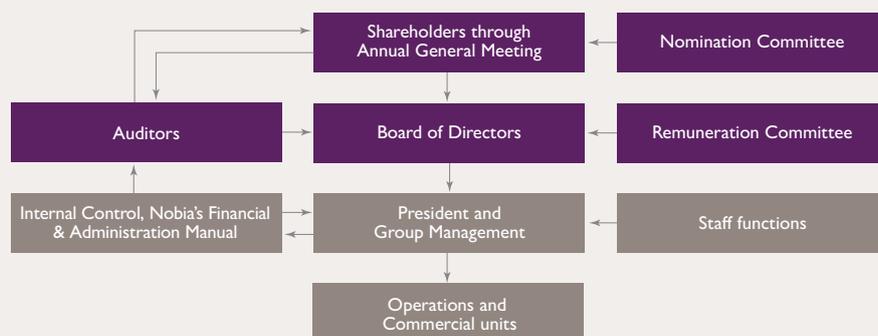
Nobia does not currently have an internal audit function. The Board has discussed this matter and found the existing monitoring and evaluation structure of the Group to be suitable. External services may also be engaged in the context of certain special examinations. The decision on this issue is reviewed every year.

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 2010, 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 12–13.

Overview of governance at Nobia



Key external regulations:

- Companies Act
- IFRS and Swedish Annual Accounts Act
- 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 2010

		Board meetings, 11 meetings in total	Remuneration Committee, 5 meetings in total	Year of birth	Board member since	Nationality	Independence
Hans Larsson	Chairman	11	5 of 5	1942	1996	Swedish	Independent
Johan Molin	Deputy Chairman	8	3 of 3	1959	2010	Swedish	Independent
Preben Bager*	President and CEO	8		1948	2008	Danish	Dependent ¹⁾
Stefan Dahlbo	Board member	10	2 of 2	1959	2004	Swedish	Independent
Bodil Eriksson	Board member	10	2 of 2	1963	2003	Swedish	Independent
Wilhelm Laurén*	Board member	2		1943	1996	Swedish	Independent
Rolf Eriksen	Board member	8		1944	2010	Danish	Independent
Thore Olsson	Board member	11		1943	2007	Swedish	Independent
Lotta Stalin	Board member	11		1954	2007	Swedish	Independent
Fredrik Palmstierna	Board member	11	3 of 3	1946	2006	Swedish	Dependent ²⁾
Joakim Rubin*	Board member	3		1960	2009	Swedish	Independent
Per Bergström	Employee representative	11		1960	2000	Swedish	
Olof Harrius	Employee representative	10		1949	1998	Swedish	
Kjell Sundström	Employee representative ³⁾	9		1953	2007	Swedish	
Marie Nilsson	Employee representative ³⁾	9		1973	2007	Swedish	

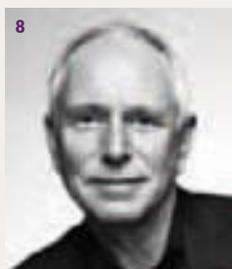
1) President until 5 October 2010

2) Dependent in relation to major shareholders

3) Alternate

*) Member of Board of Directors until 2010 Annual General Meeting

Board of Directors



Hans Larsson 1.

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

Other board assignments: Chairman of Handelsbanken, Attendo and Valedo Partners Fund. Board member of Holmen and Industrivärden.

Previous employment: President of Swedish Match, Esselte and Nordstjärnan. Previous chairmanships include NCC, Bilspedition/BTL, Sydsvenska Kemi and Althin Medical.

Holding in Nobia: 365,000 shares.

Johan Molin 2.

Born 1959. B.Sc. Business Administration. President and CEO ASSA ABLOY. Deputy Chairman since 2010, Board member since 2010. Proposed as Chairman. Independent.

Board assignments: Board member of ASSA ABLOY.

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

Holding in Nobia: 19,250 shares, 400,000 call options.

Stefan Dahlbo 3.

Born 1959. B.Sc. Business Administration. Board member since 2004. Independent. Declined re-election.

Other board assignments: Chairman of Klövern.

Previous employment: Executive Vice President and President of Investment AB Öresund.

Holding in Nobia: 20,800 shares, including family and companies.

Bodil Eriksson 4.

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

Other board assignments: Board member of Attendo.

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, 61,500 call options.

Thore Ohlsson 5.

Born 1943. President of Elimexo.

Board member since 2007. Independent.

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

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 and 250,000 call options.

Lotta Stalin 6.

Born 1954. Master of Engineering. Consultant.

Board member since 2007. Independent.

Other board assignments: Board member of Nederman and Partnertech.

Previous employment: President of Kuusakoski Sweden, Business Area Manager of FMV Logistics, Business Area Manager and Vice President of Poolimon, President of Överums Bruk and senior positions at Electrolux.

Holding in Nobia: 1,500 shares, 60,000 call options.

Fredrik Palmstierna 7.

Born 1946. B.Sc. Business Economics, MBA.

President of Säkl since 1997.

Board member since 2006. 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.

Rolf Eriksen 8.

Born 1946.

Board member since 2010.

Board assignments: Board member of Bang & Olufsen. A/S, Boconcept Holding A/S, Bianco International A/S, Royal Copenhagen A/S, Ucly Duck Aps and H&M Hennes & Mauritz A/S.

Previous employment: President and CEO of H&M Hennes & Mauritz.

Holding in Nobia: 125,000 call options.

Employee representatives

Per Bergström 9.

Born 1960. Employee representative since 2000.

Employed at Marbodal since 1976.

Holding in Nobia: 5,000 call options.

Olof Harrius 10.

Born 1949. Employee representative since 1998.

Employed at Marbodal since 1971.

Holding in Nobia: 5,000 call options.

Kjell Sundström 11.

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

Holding in Nobia: 2,000 call options.

Marie Nilsson 12.

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

Other board assignments: Board member of Myresjökök.

Holding in Nobia: 1,500 call options.

Auditors

KPMG AB

Auditor in Charge, Authorised Public Accountant:

Helene Willberg

Other auditing assignments:

Cloetta, Investor, Ortivus and Thule.



Group management



Group Management 2011

Morten Falkenberg 1.

Born 1958. B.Sc. Business Administration. President and CEO of Nobia since 6 October 2010.
Previous employment: Executive Vice President Electrolux AB and sector CEO Floor Care and Small Appliances, management positions at TDC Mobile and Coca-Cola Company.
Holding in Nobia AB: 36,700 shares, 500,000 call options and 35,000 employee share options.

Mikael Norman 2.

Born 1958. CFO. Employed by Nobia since 2010.
Previous employment: Group controller Electrolux.
Holding in Nobia AB: 10,000 shares, 100,000 call options and 50,000 employee share options.

Ingemar Tärnskär 3.

Born 1961. EVP and Head of Production and Logistics.
 Employed by Nobia since 1998.
Previous employment: Management positions within Nobia.
Holding in Nobia AB: 70,000 call options and 145,000 employee share options.

Christian Rösler 4.

Born 1967. EVP and Head of Continental European and UK Professional.
 Employed by Nobia since 2007.
Previous employment: Management positions at IKEA Austria.
Holding in Nobia AB: 145,000 employee share options.

Henrik Karup Jørgensen 5.

Born 1963. EVP and Head of Nordic Retail and Professional.
 Employed by Nobia since 2008.
Previous employment: Management positions at Royal Greenland A/S, KNI A/S and Salling A/S.
Holding in Nobia AB: 2,107 shares, 145,000 employee share options.

Peter Kane 6.

Born 1965. EVP and Head of UK Retail.
 Employed by Magnet since 1984.
Previous employment: Management positions at Magnet.
Holding in Nobia AB: 15,525 shares and 105,000 employee share options.

Per Kaufmann 7.

Born 1956. EVP and Head of Continental European Retail.
 Employed by Nobia since 2010.
Previous employment: Management positions at IKEA, Conforama and Printemps.
Holding in Nobia AB: 50,000 employee share options.

Grace Pardy 8.

Born 1963. EVP and Head of Group Marketing.
 Employed by Nobia since 2011.
Previous employment: Management positions at International Press Institute, Dockers Europe, Reebok, Coca-Cola and L'Oréal.
Holding in Nobia AB: 0.

Jonas Hård 9.

Born 1971. EVP and Head of Change Programmes & IT.
 Employed by Nobia since 2010.
Previous employment: Management positions at Vin & Sprit, Maxxium and Electrolux.
Holding in Nobia AB: 2,000 shares, 70,000 call options and 50,000 employee share options.

