

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

Nobia has applied the Swedish Code of Corporate Governance (the Code) since 1 July 2005 and in 2011, 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.

2011 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 2011 Annual General Meeting was held on 30 March at Summit, Grev Turegatan 30 in Stockholm. 139 shareholders participated in the 2011 Annual General Meeting, representing 56 per cent of the capital and votes in Nobia. 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 for the 2010 fiscal year. The decision was motivated by the fiscal year's negative profit after tax and aimed at strengthening the financial position of the company and the Group in the light of the market trends, financial commitments and future restructuring measures. The Meeting also 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 and auditors. Nora Førisdal Larssen and Morten Falkenberg, also Nobia's President and CEO, were elected new Board members. Hans Larsson and Stefan Dahlbo declined re-election. All other Board members were re-elected and Johan Molin was 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.se.

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 2011, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares in one class of share. 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 82–83.

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, 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.

Prior to the 2012 Annual General Meeting, the members of the Nomination Committee, representing approximately 40 per cent of capital and votes, comprised Tomas Billing, Nordstjernan (Nomination Committee Chairman), Fredrik Palmstierna, Latour, Björn Franzon, Swedbank Robur funds and Sindre Sörbye, Orkla ASA 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 2012 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 2012 Annual General Meeting are incorporated in the notice of the Annual General Meeting, which was published on Nobia's website on 12 March

2012. 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.

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.

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 2012 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 and one extraordinary meeting during the 2011 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 2011, the strategy of achieving the Group's operating margin targets of 10 per cent received a great deal of focus in the Board of Directors' work. Issues relating to brands, range, production 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 autumn 2011, the Board of Directors visited Nobia's plants in the UK. The Board members are presented on pages 36–37. Attendance at Board meetings is shown in the table on page 35.

The work of the Board in 2011 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 addressed 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 financial 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 2011, 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 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 2011 was presented at the Board meeting in February 2012.

In 2011, the Group's CFO served as the Board of Directors' secretary.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period from the 2011 Annual General Meeting until the 2012 Annual General Meeting comprised Johan Molin (Chairman), Fredrik Palmstierna and Nora Førisdal Larssen. Hans Larsson, Bodil Eriksson and Stefan Dahlbo were members of the Remuneration Committee until the 2011 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 two meetings during the year.

Remuneration to senior executives

All senior executives in the group management 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, for example, the Group's earnings, earnings in the business unit for which the manager is responsible and 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 and benefits of senior executives are described in note 4 on page 58.

Group management

Group management, refer to page 38, 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 four-year mandate at the 2007 Annual General Meeting, and for an additional year at the 2011 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 2012 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 6, page 62.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2011 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 30–31.

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 checklists to ensure compliance with the disclosure requirements in the financial statements.

Monitoring by the Board

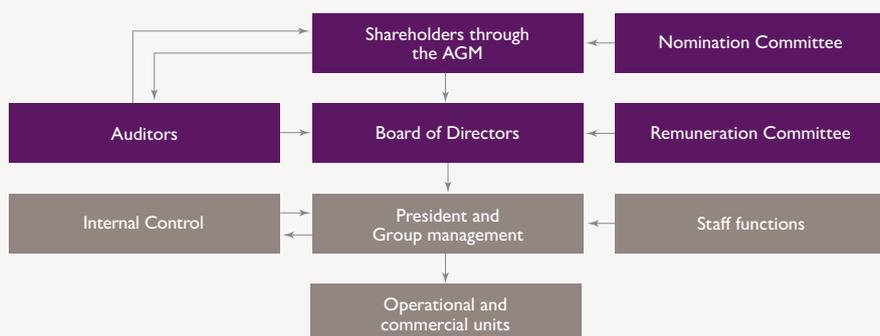
The outcome of the Group's risk assessment and risk management processes is addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

The Board receives 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
- Listing Agreement with NASDAQ OMX Stockholm
- Swedish Code of Corporate Governance, www.corporategovernanceboard.se

Key internal regulatory frameworks:

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

BOARD OF DIRECTORS IN 2011

		Board meetings, 9 meetings in total	Remuneration Committee, 2 meetings in total	Year of birth	Board member since	Nationality	Independence
Hans Larsson ¹⁾	Chairman	2		1942	1996	Swedish	Independent
Johan Molin ²⁾	Chairman	9	2	1959	2010	Swedish	Dependent ⁵⁾
Morten Falkenberg ³⁾	President and CEO	7		1958	2011	Danish	Dependent
Stefan Dahlbo ⁴⁾	Board member	2		1959	2004	Swedish	Independent
Bodil Eriksson	Board member	7		1963	2003	Swedish	Independent
Rolf Eriksen	Board member	8		1944	2010	Danish	Independent
Nora Førisdal Larssen ³⁾	Board member	7	2	1965	2011	Norwegian	Dependent ⁵⁾
Thore Olsson	Board member	9		1943	2007	Swedish	Independent
Lotta Stalin	Board member	8		1954	2007	Swedish	Independent
Fredrik Palmstierna	Board member	8	2	1946	2006	Swedish	Dependent ⁵⁾
Per Bergström	Employee representative	9		1960	2000	Swedish	
Olof Harrius	Employee representative	9		1949	1998	Swedish	
Kjell Sundström ^{6) 7)}	Employee representative	1		1953	2007	Swedish	
Marie Nilsson ⁶⁾	Employee representative	9		1973	2007	Swedish	
Patrik Falck ^{6) 8)}	Employee representative	7		1965	2011	Swedish	

1) Chairman until 30 March 2011

2) Chairman from 30 March 2011

3) Board member from 30 March 2011

4) Board member until 30 March 2011

5) Dependent in relation to major shareholders

6) Alternate

7) Stepped down as employee representative on 10 February 2011

8) Employee representative from 30 March 2011

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: 75,652 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
at Electrolux, Head of Floor Care and Small
Appliances, senior positions in TDC Mobile and
the Coca-Cola Company.
Holding in Nobia: 105,669 shares, 500,000 call
options and 105,000 employee share options.



Nora Førisdal Larssen 3.
Born 1965. B.Sc Business Economics, MBA.
Senior Investment Manager at Nordstjernan.
Board member since 2011. Dependent in
relation to major shareholders.
Board assignments: Chairman of Etac, Board
member of Ekornes ASA and Filippa K.
Previous employment: Product Line manager
at Electrolux and Partner in McKinsey & Co.
Holding in Nobia: 5,000 shares.



Bodil Eriksson 4.
Born 1963. Berghs School of Communication.
Vice President of Apotek Hjärtat.
Board member since 2003. Independent.
Board assignments: Board member of Attendo.
Previous employment: Communications Director
at SCA, Vice President of Axfood, Communica-
tions 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.

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: 30,000 shares, 250,000 call options.

Lotta Stalin 6.

Born 1954. MSc.

Management Consultant.

Board member since 2007. Independent.

Board assignments: Chairman of Skrotfrag. Board member of FMV, the Swedish Recycling Industries' Association, Partnertech and Nederman.

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

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

Fredrik Palmstierna 7.

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: 201,000 shares.

Rolf Eriksen 8.

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** 9.

Born 1960. Employee representative since

2000. Employed at Marbodol since 1976.

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

Holding in Nobia: 5,000 call options.

Olof Harrius 10.

Born 1949. Employee representative since

1998. Employed at Marbodol since 1971.

Holding in Nobia: 5,000 call options.

Patrik Falck 11.

Born 1965. Alternate Board member.

Employee representative since 2011. Employed at Marbodol since 1986.

Holding in Nobia: –

Marie Nilsson 12.

Born 1973. Alternate Board member.

Employee representative since 2007. Employed at Myresjökök since 2007.

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, Thule and Höganäs.



GROUP MANAGEMENT



Morten Falkenberg 1.

Born 1958. B.Sc. Business Administration. President and CEO of Nobia. Employed at Nobia since 2010.

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

Holding in Nobia: 105,669 shares, 500,000 call options and 105,000 employee share options.

Mikael Norman 2.

Born 1958. CFO. Employed at Nobia since 2010.

Previous employment: Group controller, Electrolux.

Holding in Nobia: 10,000 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: 70,000 call options and 100,000 employee share options.

Christian Rösler 4.

Born 1967. Executive Vice President and Head of Continental European and UK 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: 15,525 shares and 100,000 employee share options.

Per Kaufmann 6.

Born 1956. Executive Vice President and Head of Continental European Retail. Employed at Nobia since 2010.

Previous employment: Management positions at IKEA, Conforama and Le Printemps.

Holding in Nobia: 100,000 employee share options.

Grace Pardy 7.

Born 1963. Executive Vice President and Head of Group Marketing. Employed at Nobia since 2011.

Previous employment: Management positions at International Press Institute, Dockers Europe, Reebok, Coca-Cola and L'Oréal.

Holding in Nobia: 50,000 employee share options.

Jonas Hård 8.

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: 2,000 shares, 70,000 call options and 100,000 employee share options.

Lars Völkel 9.

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 10.

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 11.

Born 1960. Executive Vice President, HR Director. Employed at Nobia since 2003.

Previous employment: Senior HR positions in the Skanska Group.

Holding in Nobia: 1,500 shares, 30,000 call options and 80,000 employee share options.

