

CORPORATE GOVERNANCE REPORT

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 2013, 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.

2013 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 2013 Annual General Meeting was held on 11 April at Lundqvist & Lindqvist Klara Strand Konferens, Klara-bergsviadukten 90 in Stockholm. Some 106 shareholders participated in the 2013 Annual General Meeting, representing 68 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 on a dividend of SEK 0.50 per share to shareholders. The Meeting also resolved that the number of Board members should be six without any deputy members until the conclusion of the next Annual General Meeting, as well as fees to the Board and Board Chairman and elected Board members and auditors. Rolf Eriksen

declined re-election. All other Board members were re-elected and Johan Molin was re-elected Board Chairman. In accordance with the Board of Directors' recommendation, the Annual General Meeting resolved to authorise the Board of Directors to make decisions regarding acquisitions and sales of own shares.

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

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 on Nobia's website.

On 31 December 2013, 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 own 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 86–87.

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 are to 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, where appropriate, on decisions for the principles of the composition of the Nomination Committee.

Prior to the 2014 Annual General Meeting, the members of the Nomination Committee 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. The members of the Nomination Committee represent approximately 52 per cent of the shares and votes in the company. No remuneration is paid to the Committee members.

The Nomination Committee held three minuted meetings prior to the 2014 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 composition and the election of an auditor.

The Nomination Committee's proposals prior to the 2014 Annual General Meeting are incorporated in the notice of the Annual General Meeting, which was published on Nobia's website on 10 March. The principles for the composition of the Nomination Committee and the Nomination Committee's explanatory statement for proposing the election of the Board of Directors and so forth are also included.

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 2013 Annual General Meeting resolved that the Board was to comprise six 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 are to be independent in relation to the company and company management. Furthermore, at least two of these Board members are also to 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 2014 Annual General Meeting. This has been the case in earlier years, except for 2010 when the then 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 2013 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 regulated by the rules of procedure adopted annually by the Board and by the instruction regarding the distribution of duties between the Board and the President. In 2013, the strategy of achieving the Group's operating margin target 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. The focus on efficiency and growth continued. In parallel with offensive investments, potential acquisitions for generating profitable growth were evaluated during the year.

In the summer of 2013, the Board of Directors visited Nobia's facilities in Denmark. The Board members are presented on pages 42–43. Attendance at Board meetings is shown in the table on page 40.

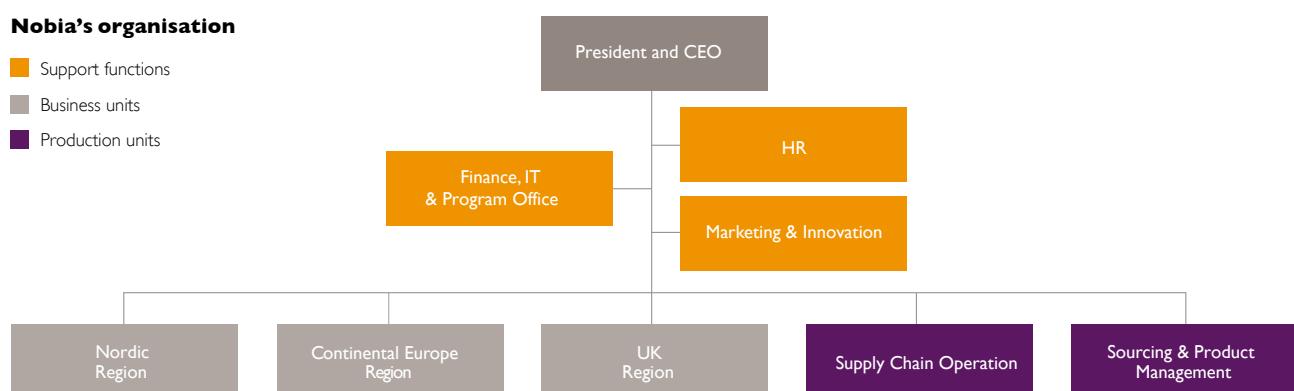
The work of the Board in 2013 was evaluated by all Board members completing a number of questions specifically related to the Board's work. The members' responses were compiled and subsequently presented and discussed by the Board. The Board decided that the same evaluation method would be employed for 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 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

Nobia's organisation

- Support functions
- Business units
- Production units



Board of Directors in 2013

		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 ²⁾
Morten Falkenberg	President and CEO	8		1958	2011	Danish	Dependent ³⁾
Lilian Fossum Biner	Board member	8		1962	2012	Swedish	Independent
Rolf Eriksen ¹⁾	Board member	0		1944	2010	Danish	Independent
Nora Førisdal Larssen	Board member	8	3	1965	2011	Norwegian	Dependent ²⁾
Thore Olsson	Board member	7		1943	2007	Swedish	Independent
Fredrik Palmstierna	Board member	8	3	1946	2006	Swedish	Dependent ²⁾
Per Bergström	Employee representative	8		1960	2000	Swedish	
Olof Harrius ⁴⁾	Employee representative	2		1949	1998	Swedish	
Marie Ströberg ⁵⁾	Employee representative	8		1973	2007	Swedish	
Patrik Falck ⁶⁾	Employee representative	7		1965	2011	Swedish	
Terese Asthede ^{6,7)}	Employee representative	6		1971	2013	Swedish	

1) Left Board on 11 April 2013

2) Dependent in relation to major shareholders

3) President

4) Employee representative until 25 March 2013

5) Ordinary employee representative from 25 March 2013

6) Deputy

7) Employee representative from 25 March 2013

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 2013, 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 2013 was presented at the Board meeting in February 2014.

In 2013, 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 2013 Annual General Meeting until the 2014 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 schemes for variable remuneration to senior executives, and the schemes 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.

Key external regulatory frameworks:

- The Swedish Companies Act
- IFRS and the Swedish Annual Accounts Act
- NASDAQ OMX Stockholm's issuer rules
- The 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 & Accounting Manual
- Risk Management Processes

Overview of governance at Nobia



In the period 2005–2011, Nobia implemented annual 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 schemes indicated a need for certain structural changes. The 2012 Annual General Meeting resolved to introduce a new share-based scheme based on matching and performance shares ("Performance Share Plan 2012"). Unlike the former scheme, this Plan also requires that participants acquire shares in Nobia. The 2013 Annual General Meeting resolved to introduce a new long-term remuneration scheme ("Performance Share Plan 2013") based on the same principles as Performance Share Plan 2012. The remuneration schemes are described in more detail in the Financial overview of the Board of Directors' report on pages 33–34. The remuneration and benefits of senior executives are described in Note 4 on pages 67–70.

Group management

The President and Group management, see pages 44–45, hold regular Group management meetings. In addition, the President and the CFO meet the management team of each commercial business unit three times per year at local management team meetings.

Auditors

KPMG AB was elected as the company's auditor for a mandate period of one year until the conclusion of the 2014 Annual General Meeting. The Auditor in Charge is Authorised Public Accountant Helene Willberg. Helene Willberg cannot be proposed as Auditor in Charge at the 2014 Annual General Meeting due to rotation rules under the Swedish Companies Act. The Nomination Committee's proposals for auditing firm and Auditor in Charge prior to the 2014 Annual General Meeting were presented in the notice of the Annual General Meeting, which was published on Nobia's website on 10 March. The interaction of the auditors with the Board is described above. Nobia's purchases of services from this firm in 2013, in addition to audit assignments, are described in Note 6 on page 71.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2013 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 governing 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 operating units is to capitalise on opportunities for economies of scale within each 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 governing documents such as internal policies, guidelines, manuals and codes. Examples include the division of responsibility between the Board on one hand and the President and other bodies established by the Board on the other, instructions for authorisation, and instructions for accounting and reporting.

Documentation concerning the principles and forms for reporting, internal governance, control and monitoring is compiled in Nobia's Financial & Accounting Manual. This Manual is available to all relevant employees on Nobia's intranet.

Each unit manager is responsible for ensuring effective internal control, and the financial manager of each unit is responsible for monitoring and ensuring compliance with Nobia's accounting procedures and principles. These are documented in the aforementioned manual. All financial managers from the various units meet once a year to discuss various topics relevant to financial reporting.

Risk management

The Group has 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 continuously monitored and assessed. One of the tools for this purpose is self-assessments, which are conducted annually by local management teams and evaluated according to established procedures. Risk assessments are described in more detail on pages 35–37.

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 governing documents in the form of internal policies, guidelines, manuals and codes regarding the financial reporting applied by relevant personnel.

The Group monitors compliance with these governing 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.

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.

BOARD OF DIRECTORS



1 Johan Molin

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.

4 Lilian Fossum Biner

Born 1962.
B.Sc. Business Administration.
Board member since 2012. Independent.
Board assignments: Board member of Oriflame, Cloetta, Thule, Givaudan, Melon Fashion Group OJSC and a-connect AG.
Previous employment: Vice President and CFO Axel Johnsson, Senior Vice President and HR Director at Electrolux.
Holding in Nobia: 6,000 shares.

2 Morten Falkenberg

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: 403,126 shares (private and occupational pension), 500,000 call options and 70,000 employee share options.
Holding in related companies: –

5 Thore Ohlsson

Born 1943.
President of Elimexo. Board member since 2007. Independent.
Board assignments: Chairman of Bastec, Thomas Frick and Frisk-vårdscenter AB. Board member of Tretorn, 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.

3 Nora Førisdal Larsen

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 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.

6 Fredrik Palmstierna

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.

**7 Per Bergström**

Born 1960.
Employee representative since 2000.
Employed at Nobia Production Sweden since 1976.
Board assignments: Board member of Tidaholms Energi AB and Elnät AB.
Holding in Nobia: 5,000 call options.

9 Patrik Falck

Born 1965.
Deputy Board member. Employee representative since 2011.
Employed at Nobia Production Sweden since 1986.
Holding in Nobia: –

8 Marie Ströberg

Born 1973.
Employee representative since 2007.
Employed at Nobia Svenska Kök since 2007.
Holding in Nobia: 1,500 call options.

10 Terese Asthede

Born 1971.
Deputy Board member. Employee representative since 2013.
Employed at Nobia Svenska Kök since 2006.
Holding in Nobia: –

Auditors

KPMG AB
Auditor in Charge,
Authorised Public Accountant:
Helene Willberg
Other auditing assignments:
Cloetta, Cision, Höganäs,
Thule, Traction and
PostNord.



GROUP MANAGEMENT



1 Morten Falkenberg

Born 1958. President and CEO.
Employed at Nobia since 2010.
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: 403,126 shares (private and occupational pension), 500,000 call options and 70,000 employee share options.
Holding in related companies: –

4 Christian Rösler

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: 50,000 employee share options.

2 Mikael Norman

Born 1958. CFO.
Employed at Nobia since 2010.
Previous employment: Group controller at Electrolux.
Holding in Nobia: 30,000 shares, 100,000 call options and 50,000 employee share options.

5 Peter Kane

Born 1965.
Executive Vice President and Head of UK Retail.
Employed at Magnet since 1984.
Previous employment: Management positions at Magnet.
Holding in Nobia: 26,371 shares, 50,000 employee share options.

3 Ingemar Tärnskär

Born 1961.
Executive Vice President and Head of Supply Chain Operation.
Employed at Nobia since 1998.
Previous employment: Management positions at Nobia.
Holding in Nobia: 15,400 shares, 70,000 call options and 50,000 employee share options.

6 Titti Lundgren

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: 4,832 shares.

**7 Lars Völkel**

Born 1975.
 Executive Vice President and Head of Luxury Retail & Professional.
 Employed at Nobia since 2011.
Previous employment: Senior positions at Electrolux and EDS.
Holding in Nobia: 50,000 employee share options.

8 Lars Bay-Smidt

Born 1968.
 Executive Vice President and Head of 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: 20,000 employee share options.

9 Thomas Myringer

Born 1960.
 Executive Vice President and HR Director.
 Employed at Nobia since 2003.
Previous employment: Senior HR positions in the Skanska Group.
Holding in Nobia: 8,124 shares, 30,000 call options and 30,000 employee share options.

10 Dominique Maupu

Born 1963.
 Executive Vice President and Head of Hygena.
 Employed at Nobia since 2013.
Previous employment: Management positions Darty, KparK and Lapeyre.
Holding in Nobia: 1,427 shares.