

## **Report on the work of AB Industrivärden's nominating committee ahead of the 2011 Annual General Meeting**

### **1. Nominating Committee's recommendations to the 2011 Annual General Meeting**

#### AGM chairman:

Attorney Sven Unger

#### Number of directors:

Seven directors and no deputy directors

#### Directors' fees:

Chairman of the Board: SEK 1,500,000

Each of the other directors not employed by the Industrivärden group:  
SEK 500,000

No separate fee is to be paid for committee work.

#### Board of Directors:

Olof Faxander, Finn Johnsson and Lennart Nilsson have declined re-election.

The committee proposes the re-election of Boel Flodgren, Hans Larsson, Fredrik Lundberg, Sverker Martin-Löf and Anders Nyrén.

The committee proposes the new election of Christian Caspar and Stuart Graham.

Only one of the nominated directors serves as a senior executive of the company, namely Anders Nyrén, President and CEO of Industrivärden. Anders Nyrén is non-independent in relation to the company. All of the other nominated directors are independent in relation to the company and the executive management. Of these, Christian Caspar, Boel Flodgren, Stuart Graham and Sverker Martin-Löf are independent in relation to the major shareholders. All of the nominated directors are experienced as to the requirements pertaining to a listed company.

Stuart Graham was President and CEO of Skanska AB from 2002 to 2008. More than 10% of the votes in Skanska AB are held by Industrivärden. Skanska is therefore regarded as a related party to Industrivärden pursuant to the Swedish Corporate Governance Code. Consequently, Stuart Graham has served as CEO of a related company during the past five years. This is a circumstance that shall be taken into consideration when assessing whether Stuart Graham is independent in relation to AB Industrivärden. The committee is of the opinion that this circumstance alone would not, in an

overall assessment, indicate that Stuart Graham should be regarded as non-independent in relation to AB Industrivärden.

The committee notes that the Stockholm Stock Exchange's rules on directors' competence and experience have been met, as have the rules on directors' independence set out in the Swedish Corporate Governance Code.

When determining directors' independence, the committee has reasoned as follows. Naturally, the concept of "independence" can be interpreted in various ways. In order for the process for determining what constitutes independence to be manageable and the result thereof comprehensible and usable, known criteria that such determination may rely on must exist. The Swedish Corporate Governance Code contains such criteria. The committee is of the opinion that the criteria specified in the code shall be applied in the committee's work. The committee's considerations have thus pertained to whether the nominated directors are to be regarded as independent pursuant to these criteria. The committee's considerations are to be understood in this context.

The committee is of the opinion that the proposed board has a suitable composition in view of the company's operations, phase of development and situation in general, characterized by diversity and breadth with respect to the directors' qualifications, experience and backgrounds.

Chairman of the Board:

Sverker Martin-Löf

Auditors' fees:

To be paid on account

Nominating Committee:

The Chairman of the Board is assigned with the task of contacting four of the largest registered shareholders in terms of votes as set out in Euroclear Sweden AB's printout of the shareholder register as per the last business day in August 2011. Such shareholders each appoint one representative (who is not a director on the company's board) who jointly with the Chairman of the Board constitute a nominating committee for the period until a new nominating committee has been appointed based on a mandate from the next Annual General Meeting.

The committee appoints a chairman among its members. The composition of the committee shall be made public not later than six months prior to the 2012 Annual General Meeting. No fee is payable for work on the committee. If a member resigns the committee before its work has been completed, and if the committee is of the opinion that it is necessary to replace such member,

the committee shall appoint a new member. Any change in the committee's composition shall be announced immediately.

#### Note on the nomination process

The Swedish Corporate Governance Code sets out the following with regard to directors' independence:

"2.3 The nomination committee is to have at least three members, one of whom is to be appointed committee chair.

The majority of the members of the nomination committee are to be independent of the company and its executive management. Neither the chief executive officer nor other members of the executive management are to be members of the nomination committee.

At least one member of the nomination committee is to be independent of the company's largest shareholder in terms of votes or any group of shareholders that act in concert in the governance of the company.

2.4 Members of the board of directors may be members of the nomination committee but may not constitute a majority thereof. The chair of the company or any other member of the board may not chair the nomination committee.

If more than one member of the board is on the nomination committee, no more than one of these may be dependent of a major shareholder in the company."

The committee's proposal for nominating committee members, which is based on established practice in the company, does not deviate from the rules of the code. If the committee is appointed in accordance with previous practice, its composition will be in line with the code.

## **2. Composition of the Nominating Committee**

AB Industrivärden's Annual General Meeting on May 5, 2010, resolved to assign the Chairman of the Board with the task of contacting four of the largest registered shareholders in terms of votes in Euroclear Sweden AB's printout of the shareholder register as per the last business day in August 2010, who each appoint one representative (who is not a director on Industrivärden's board) who jointly with the Chairman of the Board constitute a nominating committee. Accordingly, the committee has consisted of Sverker Martin-Löf (Chairman of the Board of Industrivärden), Bo Damberg (the Jan Wallander and Tom Hedelius Foundation and others), Ulf Lundahl (L E Lundbergföretagen), Anders Nyberg (SCA Pension Foundations and others), and Håkan Sandberg (Handelsbanken Pension Foundation and Handelsbanken Pension Fund). The committee appointed Håkan Sandberg as committee chair.

The names of the members of the committee were made public in September 2010 and have been posted on the company's website.

**3. Submission of proposals to the Nominating Committee**

The following text was posted on the company's website in September 2010.

"Shareholders who wish to submit proposals to the Nominating Committee can contact the Nominating Committee by e-mail at [valberedning@industrivarden.se](mailto:valberedning@industrivarden.se) or at Industrivärden's postal address. In order for the Nominating Committee to be able to consider submitted proposals in a constructive manner, these should be submitted by December 10, 2010, at the latest."

No proposals have been submitted to the committee.

**4. Evaluations**

The committee has acquainted itself with the evaluation made by the Board of its work.

**5. Meetings**

The committee has held two meetings.

**6. Fees**

No fees have been paid to the members for their work on the committee.

Stockholm, March 2011

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Håkan Sandberg