

## **Report on the work of AB Industrivärden's Nominating Committee ahead of the 2014 Annual General Meeting**

### **1. Nominating Committee's recommendations to the 2014 Annual General Meeting**

#### AGM chairman:

Attorney Sven Unger

#### Number of directors:

Nine directors and no deputy directors

#### Directors' fees:

Chairman of the Board: SEK 2,000,000 (2013: SEK 1,860,000)

Each of the other non-executive directors:

SEK 600,000 (2013: SEK 545,000)

No separate fee is to be paid for committee work.

#### Board of Directors:

Board members: re-election of Pär Boman, Christian Caspar, Boel Flodgren, Stuart Graham, Fredrik Lundberg, Sverker Martin-Löf and Anders Nyrén, and new election of Annika Lundius and Nina Linander.

The Nominating Committee has issued the following statement regarding the directors' independence:

One of the nominated directors serves as a senior executive of the Company, namely, Anders Nyrén. Anders Nyrén is non-independent in relation to the Company. All of the other nominated directors, except for Pär Boman (see below), are independent in relation to the Company and the executive management. Of these, Christian Caspar, Boel Flodgren, Stuart Graham, Annika Lundius and Nina Linander are independent in relation to the major shareholders.

With respect to Pär Boman and the matter of independence, it should be noted that he is currently President and Group Chief Executive of Handelsbanken. Since Pär Boman is Group Chief Executive of Handelsbanken, and Industrivärden's CEO, Anders Nyrén, is a director on Handelsbanken's board, Pär Boman is not to be regarded as being independent in relation to Industrivärden and its executive management. Handelsbanken holds more than 10% of the votes in Industrivärden. Pär Boman is therefore not to be regarded as being independent in relation to the Company's major shareholders.

Annika Lundius (born 1951), who has been nominated for new election, has a Master of Laws degree. Annika Lundius is an Executive Vice President of the Confederation of Swedish Enterprise and a former Legal Director and Director-General in the Swedish Ministry of Finance, and former CEO of the Swedish Insurance Federation and the Swedish Insurance Industry Employers Association (FAO). She is a director on the boards of SSAB and AMF Pension.

Nina Linander (born 1959), who has been nominated for new election, has a Master of Science in Business and an MBA. She founded and until 2012 was a partner in the recruitment consulting firm Stanton Chase International. Prior to this, she served in various executive positions for Vattenfall and Electrolux. Nina Linander is a director on the boards of TeliaSonera, Skanska, Awapatent, Specialfastigheter Sverige and Castellum.

In its determination of directors' independence, the Nominating Committee has applied the criteria stipulated in the Swedish Corporate Governance Code. The Nominating Committee's considerations have thus pertained to whether the nominated directors are to be regarded as independent according to these criteria. It is in this context that the Nominating Committee's considerations are to be understood.

In summary, the Nominating Committee is of the opinion that the rules in the Corporate Governance Code on directors' independence have been met, as well as the stock exchange's rules on board members' experience with the stock market.

#### *Reasoned statement*

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

#### Chairman of the Board:

Re-election of Sverker Martin-Löf

#### Auditor:

Re-election of PricewaterhouseCoopers AB for a term extending until the end of 2015 Annual General Meeting

#### Auditor's fees:

To be paid according to approved invoice

### Nominating Committee:

The 2011 Annual General Meeting passed a resolution on the Nominating Committee that applies until further notice. The Nominating Committee is of the opinion that there is no need to change that resolution. Hence, the Nominating Committee has not submitted any proposal on the Nominating Committee.

### Note on the nominating 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 Annual General Meeting's resolution on the Nominating Committee, 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's rules.

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

It was noted that the 2011 Annual General Meeting made the following resolution regarding the Nominating Committee, and that this resolution shall apply until further notice: The Chairman of the Board shall be assigned the task of contacting four of the largest registered shareholders in terms of votes in Euroclear Sweden AB's printout of the shareholder register on the last business day in August, who each appoint one representative who is not a director on Industrivärden's board, to form together with the Chairman of the Board a nominating committee for the time until a new nominating committee has been appointed, and that the following shall apply for the Nominating Committee. The Nominating Committee appoints a chair from among its members. The composition of the Nominating Committee shall be announced not later than six months before the next Annual General Meeting. No fee shall be paid to the committee members. If a member leaves the Nominating Committee before its work has been completed, and if the Nominating Committee is of the opinion that there is a need to replace this member, the Nominating Committee shall appoint a new member. Any

change in the Nominating Committee's composition shall be publicly announced immediately.

Accordingly, the following persons have made up the Nominating Committee ahead of the 2014 Annual General Meeting: 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), Mikael Schmidt (SCA pension foundations and others), and Håkan Sandberg (Handelsbanken, Handelsbanken Pension Foundation and Handelsbanken Pension Fund). The Nominating Committee appointed Håkan Sandberg as committee chair.

The names of the members of the Nominating Committee were announced in September 2013 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 2013:

“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 9, 2013, at the latest.”

No proposals were submitted to the Nominating Committee within the specified time.

### **4. Evaluations**

The Nominating Committee has reviewed the evaluations that the Company's board has made of the Board's work.

The Nominating Committee has also reviewed the Company's evaluation of the auditor's work.

### **5. Meetings**

The Nominating Committee held four meetings.

### **6. Fees**

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

Stockholm, April 2014

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Håkan Sandberg