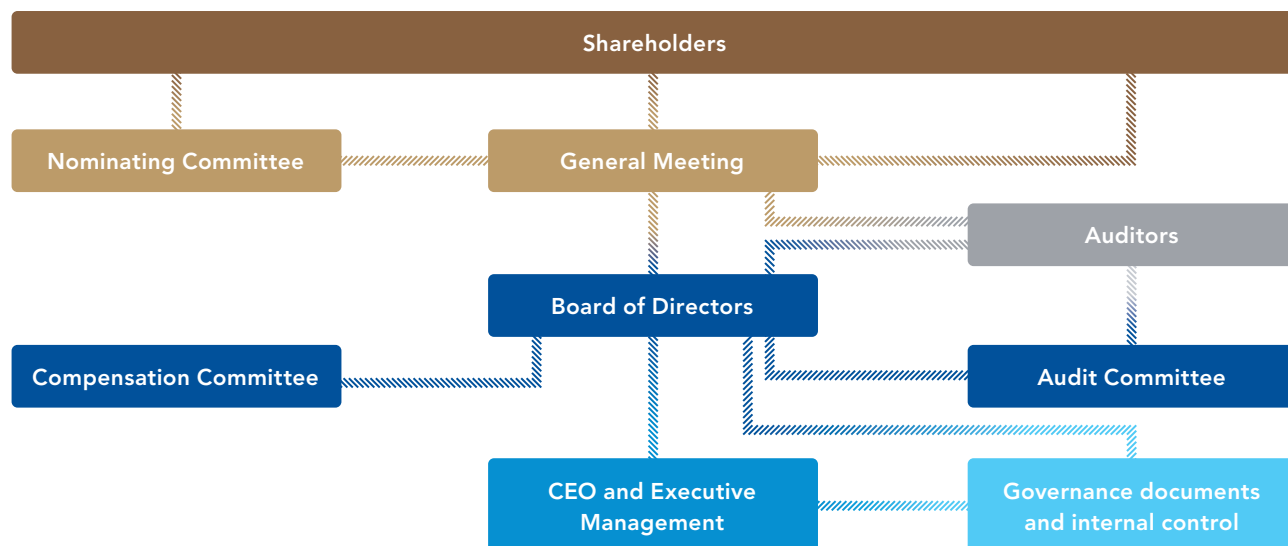


Corporate Governance Report



Corporate governance structure

Industrivärden is a Swedish, public limited liability company listed on Nasdaq Stockholm. Corporate governance at Industrivärden is based on external rules and regulations such as the Swedish Companies Act, applicable EU regulations, the Swedish Corporate Governance Code ("the Code") and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares. These frameworks are complemented by internal governance documents such as the Articles of Association, the Rules of Procedure for the Board of Directors and board committees, the instructions for the Chief Executive Officer (CEO), and policies and guidelines for the Company's operations and organization.

The corporate governance structure emanates from the shareholders, who exercise their influence at general meetings, such as by appointing a board of directors and auditor. The Board of Directors appoints the CEO. The CEO leads the Company's continuing operations in accordance with the Board's guidelines. The auditor audits the annual report and oversees the Board's and CEO's administration. The Nominating Committee, which is appointed in the manner decided by a general meeting of shareholders, is tasked with, among other things, recommending board members, the Chairman of the Board and the auditor for election at the Annual General Meeting (AGM). For more information on the Code and the Swedish corporate governance model, visit www.bolagsstyrning.se.

This corporate governance report for the 2024 financial year has been prepared in accordance with the Annual

Accounts Act and the Code, and has been reviewed by the Company's auditor. During 2024 Industrivärden did not depart from the Code. Nor did Industrivärden breach any applicable stock market rules or generally accepted practice in the stock market as decided by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council.

Shares and shareholders

Industrivärden has issued two classes of stock: Class A shares and Class C shares. Class A shares carry entitlement to one vote, and Class C shares carry entitlement to one-tenth of a vote. In other respects there are no restrictions regarding how many votes each shareholder may cast at a general meeting. Both classes of stock carry equal entitlement to dividends.

On December 31, 2024, Industrivärden had approximately 191,000 shareholders according to Euroclear Sweden AB's register of shareholders. Two shareholders (L E Lundberg-företagen and the Jan Wallander and Tom Hedelius Foundation) each control 10% or more of the total number of votes in the Company. For more information about Industrivärden's stock and ownership structure, see pages 38–40.

General meetings

The shareholders' influence is exercised at a general meeting of shareholders, which is the Company's highest governing body. Through the Articles of Association the shareholders have stipulated, among other things, the object of the Company's business, the minimum and maximum number of

directors on the Company's board and the forms for conducting general meetings. Apart from what is prescribed by law regarding the shareholders' right to participate at general meetings, the Articles of Association prescribe that advance notification shall be made within a period of time stated in the notice of a general meeting.

At the Annual General Meeting (AGM), which is held within six months after the end of the financial year, the shareholders appoint the Board of Directors and auditor. Other decisions are also made at the AGM based on recommendations from the Nominating Committee, the Board and shareholders, and other statutory matters are addressed. Among other things, the income statement and balance sheet are adopted, a decision is made regarding the dividend, the Board of Directors' and auditor's fees are set, and a decision is made on whether to discharge the directors and the CEO from liability. Guidelines for compensation of senior executives are adopted at least every four years, while a remuneration report is submitted to the AGM yearly for approval. In accordance with the Articles of Association, the Board may decide that the shareholders also be able to exercise their voting rights by post prior to a general meeting in accordance with the procedure stipulated in the Swedish Companies Act.

The Annual General Meeting of Industrivärden was held on April 11, 2024. Resolutions made at the AGM included:

- A dividend of SEK 7.75 per share (7.25)
- Discharge of the board members and CEO from liability for the 2023 financial year
- Increase of the number of members of the Board of Directors to nine ordinary directors and no deputy directors
- Re-election of all board members and election of Fredrik Persson as new director
- Re-election of Fredrik Lundberg as Chairman of the Board
- Approval of directors' fees in accordance with the Nominating Committee's recommendation
- Re-election of Deloitte AB as auditor
- Approval of new guidelines for compensation of senior executives
- Approval of the Board's remuneration report pursuant to Ch. 8 § 53 a of the Swedish Companies Act
- Approval of a long-term share savings program for Industrivärden employees

Further information about Industrivärden's 2024 AGM and the Nominating Committee's work in 2024 is available on Industrivärden's website.

Industrivärden's 2025 Annual General Meeting will be held on April 10, 2025. For more information, see page 94 and Industrivärden's website.

Nominating Committee

As a drafting body the Nominating Committee is responsible for drawing up recommendations for, among other things, election of the members of the Board of Directors

and the Chairman of the Board, and – based on a recommendation by the Audit Committee – the auditor as well as directors' and the auditor's fees, for decision by the Annual General Meeting.

In accordance with the Nominating Committee's instructions (adopted by the 2011 AGM and which apply until further notice), Industrivärden's Nominating Committee shall be composed of representatives of four among the largest owner-registered shareholders in terms of votes in Euro-clear Sweden AB's printout of the register of shareholders as per the last business day in August, as well as the Chairman of the Board (convening member). The Nominating Committee appoints a committee chair from among its members. The Nominating Committee's instructions are posted on Industrivärden's website.

Prior to the 2025 AGM, the Nominating Committee's members are Bo Selling (L E Lundbergföretagen), Håkan Sandberg (the Jan Wallander and Tom Hedelius Foundation and others), Jan Svedjebrant (SCA Pension Foundations and others), Mikael Schmidt (Essity Pension Foundations and others) and Fredrik Lundberg (Chairman of the Board of Industrivärden). Bo Selling has been appointed as committee chair. Information about the Nominating Committee's recommendations and its report on its work ahead of the 2025 AGM are published over time on Industrivärden's website. The Nominating Committee's complete recommendations to the 2025 AGM are made public no later than in conjunction with publication of the AGM notice.

Board of Directors

The Board's role, composition and independence conditions

The Board of Directors has ultimate responsibility for the Company's organization and administration. The Board appoints the CEO, who is responsible for the day-to-day operations within the Company, in accordance with the Board's guidelines.

The Board of Directors of Industrivärden plays a central role in the Company's business model for exercising a long-term active ownership. It is responsible for, among other things, the Company's strategy, formulation and application of the methods for active ownership, and overarching ownership matters concerning the portfolio companies. The Articles of Association stipulate that the Board shall consist of a minimum of three and a maximum of nine directors. The Board's composition and the directors' attendance at board and committee meetings are shown in the table on page 49. For a more detailed presentation of the board members, see pages 52–53 and Industrivärden's website.

The Nominating Committee's reasoned statement ahead of the 2024 AGM certifies that in formulating its recommendations for members of the Board of Directors, the Nominating Committee relied on Rule 4.1 of the Code as its diversity policy. The aim of the policy is that the Board shall have a suitable composition in respect of the Company's operations, phase of development and conditions in general, distinguished by a diversity and breadth of expertise, experience and backgrounds, whereby an even gender balance shall be strived for.

The 2024 AGM resolved to appoint board members in accordance with the Nominating Committee's recommendation. With respect to gender breakdown, this entailed that of nine elected directors, three were women and six were men.

The composition of Industrivärden's board meets the Code's requirement for independent directors. The Nominating Committee's assessment regarding the directors' independence status ahead of the 2024 AGM is outlined in the table on page 49.

The Board has appointed an audit committee and a compensation committee tasked with conducting preparatory work for audit and compensation matters, respectively, for decision by the Board. The aim of the committees is to take a more in-depth look at, streamline and quality-assure the Board's work on these matters. The committees are described in more detail on page 50.

The Board's work

The Board's work is laid out in the Rules of Procedure (including the CEO's instruction), which are adopted yearly at the statutory board meeting. Among other things, the Rules of Procedure and the CEO's instruction regulate and structure the Board's duties during the year, clarify internal decision-making processes, prescribe the routine for dealing with conflicts of interest and stipulate the division of responsibility vis-à-vis the CEO. In addition to the Rules of Procedure, the Board adopts a number of governance documents for the Company's operations. For further information about governance documents, see the section "Internal control over financial reporting" on page 51.

Every board meeting follows an agenda that has been distributed to the directors along with relevant documentation. All board decisions are based on extensive documentation and are made following a discussion that is led by the Chairman of the Board. Senior executives of Industrivärden and employees in the investment organization participate in board meetings by making presentations on specific matters.

In addition to the statutory board meeting, which is held in conjunction with the AGM, the Board normally meets eight times per year (regular meetings, including meetings

in connection with the publication of interim and year-end reports). Extra board meetings are called when necessary.

The Board held a total of 11 meetings in 2024. At the regular board meetings, a number of set agenda points were addressed, including reports on the financial result of operations, the development of net asset value and performance of the equities portfolio, and equity transactions that have been carried out along with an update on macroeconomic conditions. Within the framework of active ownership, a significant proportion of the board's work has consisted of hearing reports, discussing and evaluating the performance of the portfolio companies, and Industrivärden's owner agenda for exercising its active ownership, including specific investigative projects related to the portfolio companies. The Board also works actively on a continuous basis with the issue of responsibility and compliance with laws and regulations, which included the yearly review of the Company's Code of Conduct and other internal policies.

In 2024, the Board continued to place considerable emphasis on discussing the effects of the geopolitical and macroeconomic conditions, such as the consequences of a challenging and difficult-to-assess macro environment and a rapidly changing geopolitical environment, economic, inflation and interest rate trends, as well as what this environment means for the portfolio companies and the industries and markets in which they operate. Furthermore, the Board discussed and evaluated the portfolio companies' approach to a number of material issues, such as current technological and digitalization shifts, with particular focus on AI. The CEOs of the portfolio companies regularly give presentations to the Board on their respective companies' operations. In 2024, the CEOs of Volvo, Sandvik and Essity gave such presentations.

Each year the Board evaluates Industrivärden's financial reporting and makes demands on its content and structure to ensure it maintains a high level of quality. In connection with the board meeting that covers the annual financial statements, the Board of Directors' Report, the proposed distribution of earnings and the year-end report, the Company's auditor submits a report on its observations and assessments from the performed audit.

Composition, independence conditions and attendance 2024

Name	Role			Independent in relation to		Attendance at meetings		
	Role on Board	Audit Committee	Compensation Committee	The Company and Executive Management	Major shareholders	Board	Audit Committee	Compensation Committee
Fredrik Lundberg	Chairman	Member	Chair	Yes	No	11 / 11	4 / 4	3 / 3
Pär Boman	Vice Chairman	Chair		Yes	No	10 / 11	4 / 4	
Christian Caspar	Director	Member		Yes	Yes	11 / 11	4 / 4	
Marika Fredriksson	Director		Member	Yes	Yes	11 / 11		3 / 3
Bengt Kjell	Director			Yes	Yes	11 / 11		
Katarina Martinson	Director			Yes	No	11 / 11		
Fredrik Persson ¹	Director			Yes	Yes	7 / 7		
Lars Pettersson	Director		Member	Yes	No	11 / 11		3 / 3
Helena Stjernholm	Director			No	Yes	11 / 11		

1) Elected as new director at the 2024 AGM

Evaluation of the Board's work

The Board's work is evaluated yearly through a structured process conducted under the direction of the Chairman of the Board. The 2024 evaluation was conducted via a questionnaire that each board member was requested to complete, with the aim of gaining an idea about the directors' views on, among other things, how board work has been conducted and which measures can be taken to improve board work as well as which matters the directors feel should be given more attention. The evaluation also aims to provide information about areas the directors feel may be suitable to have additional expertise on the Board. This could pertain to expertise related to Industrivärden's operations, business environment, internal policies and core values, but also expertise related to the portfolio companies' operations, sectors and markets, and sustainability issues and relevant megatrends. The Chairman of the Board also held individual discussions with directors on the years' board work. The results of the board evaluation were reported to and discussed by the Board, and were also reported on in the Nominating Committee.

Audit Committee

The Audit Committee serves in a preparatory and oversight role with respect to the Company's risk management, governance and control over financial reporting.

The Audit Committee held four meetings in 2024. The Company's auditor participated at three of these meetings. The committee's work entailed, among other things, maintaining regular contact with the auditor to ensure that the Company's external reporting meets the requirements placed on a listed company, monitoring the effectiveness of the Company's internal control over financial reporting, staying informed about the audit of the annual report and consolidated financial statements, and discussing the scope and focus of the audit work with the auditor. In addition, the Audit Committee reviewed and conducted oversight of the auditor's impartiality and independence, and issued guidelines for which other services than auditing may be procured from the Company's auditor. The Audit Committee also made a recommendation for election of the auditor to the 2024 AGM. The auditor reported on its observations to the Audit Committee on a regular basis.

The members of the Audit Committee are shown in the table on page 49. Meetings of the Audit Committee are documented by minutes, which are reported on orally at board meetings. No fees have been paid to board members for their work on the committee.

Compensation Committee

The Compensation Committee is tasked with conducting preparatory work, following up and evaluating principles for compensation in the Company.

The Compensation Committee held three meetings in 2024. The committee's work included following up and evaluating application of the compensation guidelines for senior executives that the AGM has decided on, preparing

recommendations for compensation and other terms of employment for the CEO, and following up and evaluating long-term variable compensation programs that were concluded during the year. In addition, the committee addressed matters related to compensation structures and compensation levels in the Company as well as succession planning. The committee drafted the Board's proposed remuneration report and prepared the Board's proposal for guidelines for compensation of senior executives which were presented to the 2024 AGM.

The members of the Compensation Committee are shown in the table on page 49. Meetings of the Compensation Committee are documented by minutes, which are reported on orally at board meetings. No fees have been paid to board members for their work on the committee.

CEO and Executive Management

Industrivärden's CEO is responsible for the Company's operating activities in accordance with the objectives and strategies set by the Board of Directors and in accordance with the division of responsibilities laid out in the CEO's instruction. The CEO's duties include leading and structuring the investment and analysis operations, deciding on equity transactions and drafting owner agendas, and responsibility for personnel, finance and business administration matters.

The CEO organizes the operations and appoints the senior executives who make up Industrivärden's Executive Management. The Executive Management supports the CEO in her assignment. Decisions on equity transactions in the continuing administration are made by the CEO, where applicable after consideration by the Company's Investment Committee. The Investment Committee, which is made up of relevant members of the Executive Management and representatives of the investment organization, also conducts drafting work on owner agendas for exercising active ownership in the portfolio companies and other specific investigative projects related to the portfolio companies.

The CEO reports to the Board of Directors on a regular basis on the performance of operations in order to facilitate well-informed board decisions. The Board continuously evaluates the CEO's work by monitoring performance of operations based on set goals, and a comprehensive evaluation is performed yearly. For a more detailed presentation of Industrivärden's CEO and Executive Management, see page 54 and Industrivärden's website.

Compensation

Directors' fees

The AGM resolved on directors' fees in accordance with the table below.

Directors' fees pursuant to resolution by the 2024 AGM, SEK

Chairman of the Board	2,350,000
Vice Chairman of the Board	1,425,000
Directors	712,000

Compensation of members of the Executive Management

The Board decides on the CEO's total compensation. The CEO decides on the compensation for other members of the Executive Management based on the criteria drawn up by the CEO in consultation with the Compensation Committee.

Compensation of members of the Executive Management is ultimately based on the guidelines for compensation of senior executives that are adopted by a general meeting of shareholders. Information on the most recently adopted guidelines for compensation of senior executives, which were adopted by the 2024 AGM, is provided in Note 8 on pages 63–65 and on Industrivärden's website. The Board is to draw up a recommendation for new guidelines at least every four years for decision by a general meeting of shareholders.

A remuneration report prepared by the Board on application of the compensation guidelines in 2024 will be published on Industrivärden's website prior to the 2025 AGM. The remuneration report includes information on the CEO's and the Deputy CEO's compensation as well as a summary of outstanding long-term share savings programs.

Auditor

The Annual General Meeting appoints the Company's auditor. The auditor audits the annual report, the bookkeeping and the Board's and CEO's administration of the Company, among other things, and reports to the Annual General Meeting.

At the 2024 AGM, Deloitte AB was re-elected as auditor for a term lasting through the 2025 AGM. The chief auditor is Hans Warén, Authorized Public Accountant. In 2024 the auditor reviewed the half-year report and year-end report, and audited the annual report, consolidated financial statements and ESEF report. In addition, the auditor has examined the corporate governance report and the sustainability report. The auditor has submitted written as well as oral reports to the Audit Committee and the Board. The auditor's report and opinion regarding the sustainability report are provided on pages 72–75 and page 93, respectively. The auditor's opinion on whether the Company has adhered to the guidelines adopted by the general meeting on compensation of senior executives is posted on Industrivärden's website. The auditor's fee is shown in Note 4 on page 62.

Internal control over financial reporting*Control environment*

Internal control at Industrivärden aims primarily to ensure a correct valuation of outstanding equity positions as well as effective and reliable controls in the reporting of purchases and sales of shares and other securities.

Industrivärden's control environment is built upon a clear division of duties and responsibilities between the Company's various bodies and functions, a sound company culture and transparent operations. Relevant policies and guidelines are decided on and evaluated on a continuing basis by the Company's board and management. These frameworks, together with internal, formal process descriptions, are well-established and known by the pertinent employees.

Relevant governance documents adopted by the Board of Directors include the CEO's instructions, which stipulate the division of responsibility between the Board and the CEO, and the Investment and Finance Policy, which lays out the frameworks for investments in financial instruments, financing and management of financial risks.

Decision-making channels, authority and responsibility at the operational level are defined in more detail by the CEO in investment rules, the Risk Policy and authorization instructions. Other frameworks for internal control include the Code of Conduct, the Insider Policy and the IT Policy.

Risk assessment

Industrivärden continuously identifies, assesses and manages risks for material errors in the financial reporting. This process is fundamental for ensuring that the financial reporting is reliable. The Company's assessments and measures are reported on a regular basis to the Audit Committee. Risk management is described in more detail in Note 25 on page 70.

Control activities

Industrivärden has established a number of different control activities aimed at ensuring the effectiveness of the measures taken to prevent material errors in the financial reporting. Relevant control and monitoring activities make up an integral part of Industrivärden's business, decision-making and accounting processes.

The Board of Directors continuously evaluates the financial reporting that is received in connection with board meetings and which covers the equities portfolio, gearing and other important conditions. The Audit Committee carries on a continuous dialogue with the Company's auditor on the scope and quality of the Company's financial reporting.

Against the background of Industrivärden's operations, organizational structure and how the financial reporting in other respects is organized, in 2024 the Board did not find a need for a dedicated audit function in the form of internal audit.

Information

Industrivärden's external communication of information is regulated by an Information Policy that is adopted by the Company's board. In addition, internal guidelines are in place to ensure information security as well as correct and reliable communication of information.

Monitoring

Industrivärden's board and management continuously evaluate the effectiveness and quality of internal control over financial reporting. Management reports on the Company's operational and financial development to the Board on a regular basis in connection with forthcoming interim reporting, and board and Audit Committee meetings. Between such occasions, reporting is conducted as needed. The Company's auditor reports its observations to the Audit Committee on a continuing basis.

Board of Directors



Fredrik Lundberg (1951)

Chairman of the Board since 2015

Director since 2004

M.Sc. Eng., M.Sc. BA., Dr. h.c. mult.

President and CEO of L E Lundbergföretagen.

Chairman of Holmen and Hufvudstaden. Vice

Chairman of Handelsbanken. Director of L E Lundbergföretagen and Skanska.

Active in L E Lundbergföretagen since 1977.

Shareholding (own and closely related parties): 103,646,153¹



Pär Boman (1961)

Vice Chairman since 2015

Director since 2013

Engineering and Business/Economics degree, Dr. h.c. econ.

Chairman of Handelsbanken and Volvo. Director of Skanska. Chair of Jan Wallander's and Tom Hedelius' Foundation and Tore Browaldh's Foundation. Chair of Pensionskassan SHB Tjänstepensionsförening.

Former President and CEO of Handelsbanken.

Shareholding (own and closely related parties): 14,538



Christian Caspar (1951)

Director since 2011

M.Sc. BA.

Director of Goodgrower SA and Stena.

More than thirty years of experience from leading positions at McKinsey & Company.

Shareholding (own and closely related parties): 1,000



Marika Fredriksson (1963)

Director since 2020

M.Sc. BA.

Director of A.P. Møller-Maersk A/S, KONE Oyj and Sandvik.

Former CFO of Vestas Wind Systems A/S, Gambro, Autoliv and Volvo Construction Equipment.

Shareholding (own and closely related parties): –



Bengt Kjell (1954)

Director since 2015

M.Sc. BA.

Director of ICA Gruppen, Pandox and The Dunker Foundations.

Former acting CEO and Deputy CEO of Industrivärden, CEO of AB Handel och Industri, partner at Navet.

Shareholding (own and closely related parties): 37,400



Katarina Martinson (1981)

Director since 2022

M.Sc. BA.

Chairman of Indutrade. Director of L E Lundbergföretagen and other companies in the Lundberg sphere, Fidelio Capital and Husqvarna.

Former Vice President at Strategas Research Partners, analyst at International Strategy & Investment Group.

Shareholding (own and closely related parties): 4,839,596²

Information regarding directorships and shareholdings as of December 31, 2024, unless otherwise stated. Shareholdings include holdings of closely related parties, where applicable.

1) Pertains to own and closely related natural persons' holdings of 11,846,153 shares and closely related legal entities' holdings of 91,800,000 shares, of which 88,550,000 shares through L E Lundbergföretagen AB and 3,250,000 shares through Förvaltnings AB Lunden. Total holding amounts to 69,121,153 Class A shares and 34,525,000 Class C shares.

2) Pertains to own and closely related natural persons' holdings of 4,132,981 shares and a closely related legal entity's holding of 706,615 shares, through Katarina Martinson AB. Total holding amounts to 2,001,059 Class A shares and 2,131,922 Class C shares.


Fredrik Persson (1968)

Director since 2024

M.Sc. BA.

Chairman of Ellevio, JM och The Confederation of European Business (BusinessEurope). Director of A. Ahlström Oy, Holmen, Hufvudstaden, ICA Gruppen and Interogo Holding AG.

Former President and CEO of Axel Johnson and CFO of Axel Johnson; previously held various positions within ABB Financial Services.

Shareholding (own and closely related parties): 4,000


Lars Pettersson (1954)

Director since 2015

M.Sc. Eng., Dr. h.c. phil.

Director of L E Lundbergföretagen, Indutrade and Husqvarna.

Former President and CEO of Sandvik; previously held executive positions in the Sandvik Group.

Shareholding (own and closely related parties): 5,000


Helena Stjernholm (1970)

Director since 2016

President and CEO since 2015

M.Sc. BA.

Chairman of SCA. Director of Sandvik and Volvo.

Former partner and Chief Investment Officer at IK Partners, strategic consultant at Bain & Company.

Shareholding (own and closely related parties): 126,910 and 75,000 call options

Information regarding directorships and shareholdings as of December 31, 2024, unless otherwise stated. Shareholdings include holdings of closely related parties, where applicable.

Executive Management



Helena Stjernholm (1970)

President and CEO

Industrivärden employee since 2015
M.Sc. BA.

Chairman of SCA. Director of Sandvik and Volvo.
Former partner and Chief Investment Officer at IK Partners, strategic consultant at Bain & Company.

Shareholding (own and closely related parties):
126,910 and 75,000 call options



Karl Åberg (1979)

Deputy Chief Executive Officer, Head of Investment Organization and Finance Function
Industrivärden employee since 2017

M.Sc. BA.

Director of Alleima, Ericsson and Essity.
Former partner and company head at Zeres Capital, partner at CapMan, various roles at Handelsbanken Capital Markets.

Shareholding (own and closely related parties):
24,360



Jennie Knutsson (1976)

General Counsel

Industrivärden employee since 2015
LL.M.

Former Legal Counsel at Industrivärden and Associate at Mannheimer Swartling Advokatbyrå.

Shareholding (own and closely related parties):
11,600



Sverker Sivall (1970)

Head of Corporate Communications and Sustainability

Industrivärden employee since 1997
M.Sc. BA.

Former Head of Investor Relations for Industrivärden, Investment Controller at AstraZeneca.

Shareholding (own and closely related parties):
18,900

Co-opted to the management

Sofie Arkelid (1985)

Finance Manager

Industrivärden employee since 2016
Co-opted member of the executive management team since 2023

Shareholding (own and closely related parties):
3,600

Information regarding directorships and shareholdings as at December 31, 2024, unless otherwise stated. Shareholdings include holdings of closely related parties, where applicable.