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Report on the work of AB Industrivärden's nominating committee ahead of the 2007 Annual General Meeting

**1. Nominating Committee's recommendations to the 2007 Annual General Meeting**

AGM Chairman:

Attorney Sven Unger

Number of directors:

Eight directors and no deputy directors

Directors' fees:

Chairman of the Board: SEK 1,110,000

Vice Chairman of the Board: SEK 740,000

Each of the other non-executive directors: SEK 370,000

(Altogether this entails an increase of approximately 12%.)

No separate fee is to be paid for committee work.

Board of Directors:

Re-election of Boel Flodgren, Lars O. Grönstedt, Tom Hedelius, Finn Johnsson, Fredrik Lundberg, Sverker Martin-Löf, Lennart Nilsson and Anders Nyrén.

Only one of the proposed directors serves as a senior executive of the Company, namely, CEO Anders Nyrén. All of the proposed directors, except for Tom Hedelius and Anders Nyrén, are independent in relation to the Company and Company Management. Boel Flodgren, Lars O. Grönstedt, Finn Johnsson, Lennart Nilsson and Sverker Martin-Löf are independent in relation

to the major shareholders. All of these persons have experience with the requirements that are made of a listed company.

In its determination of directors' independence, the Nominating Committee has reasoned as follows: Naturally, the concept of "independent" can be interpreted in various ways. In order for the work on determining what constitutes independence to be manageable and in order for the result of this work to be comprehensible and usable, there must be known criteria that such a determination can rely on. The listing requirements of the Stockholm Stock Exchange and the Swedish Code of Corporate Governance both lay out such criteria, consisting of a vast number of instructions on cases in which a director is not to be considered as independent. In the opinion of the Nominating Committee, these are the criteria that should be used in its work. The Nominating Committee's considerations have thus pertained to whether the proposed directors are to be regarded as independent according to these instructions. It is in this context that the Nominating Committee's considerations are to be understood.

Chairman of the Board:

Tom Hedelius

Auditors:

The choice of auditors is not up for consideration this year. The auditors were elected to a four-year term by the 2006 Annual General Meeting.

Auditors' fees:

To be paid on account.

Nominating Committee:

The Chairman of the Board is assigned with the task of contacting four shareholders from among the largest registered shareholders in terms of votes in VPC's printout of the shareholder register on August 31, 2007, who each appoint one representative who is not a director on the Company'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 based on the mandate from the next year's Annual General Meeting.

The Nominating Committee shall appoint a committee chair from among its members. The composition of the Nominating Committee shall be made public not later than six months before the 2008 Annual General Meeting. No fee is payable for work on the Nominating Committee. 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 said member, the Nominating Committee shall appoint a new member. Any change in the Nominating Committee's composition shall be announced immediately.

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

AB Industrivärden's Annual General Meeting on May 8, 2006 resolved to assign the Chairman of the Board with the task of contacting the four largest registered shareholders in terms of votes in VPC's printout of the shareholder register on August 31, 2006, who each appoint one representative who is not a director on the Company's board, to form together with the Chairman of the Board a nominating committee. Accordingly, the following persons served as members of the Nominating Committee: Tom Hedelius (Chairman of Industrivärden), Christer Elmehagen (AMF Pension), Curt Källströmer (Handelsbanken), Ulf Lundahl (L E Lundbergföretagen) and Anders Nyberg (SCA). The Nominating Committee appointed Curt Källströmer as committee chair.

The names of the members of the Nominating Committee were announced in September 2006, and have been published on the Company's website.

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

The following text was published on the Company's website in September 2006: "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 November 30, 2006, at the latest."

No proposals have been submitted to the Nominating Committee.

**4. Evaluations**

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

**5. Meetings**

The Nominating Committee had two meetings.

**6. Fees**

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

Stockholm, Sweden, February 15, 2007

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Curt Källströmer