

## **Report on the work of AB Industrivärden's nominating committee ahead of the 2009 Annual General Meeting**

### **1. Nominating Committee's recommendations to the 2009 Annual General Meeting**

#### AGM chairman:

Attorney Sven Unger

#### Number of directors:

Eight directors and no deputy directors

#### Directors' fees:

Chairman of the Board: SEK 1,200,000

Vice Chairman of the Board: SEK 800,000

Each of the other non-executive directors: SEK 400,000

No separate fee is to be paid for committee work.

The proposed fees are unchanged in relation to the resolution made by the 2008 Annual General Meeting.

#### Board of Directors:

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

New election of Olof Faxander (born 1970). Olof Faxander has been President and CEO of SSAB and a director on SSAB's board since 2006.

Only one of the nominated directors serves as a senior executive of the Company, namely, Anders Nyrén, who is President and CEO of Industrivärden. Olof Faxander is President and CEO of SSAB. Industrivärden owns at least 10% of the shares in SSAB, which is therefore considered to be a related party to Industrivärden. Olof Faxander is therefore considered as being non-independent in relation to Industrivärden. In addition, only Anders Nyrén, President and CEO of Industrivärden, 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, Boel Flodgren, Finn Johnsson, Sverker Martin-Löf and Lennart Nilsson are independent in relation to the major shareholders. All of these persons have experience with the requirements that are made of a listed company

The Nominating Committee notes in summary that the Stockholm Stock Exchange's rules on directors' independence and stock market experience have been met, as have the rules on directors' independence stipulated in the Swedish Code of Corporate Governance.

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 Stockholm Stock Exchange's rules for issuers contain such criteria. The Swedish Code of Corporate Governance no longer specifies any such criteria, but instead refers to the Stockholm Stock Exchange's rules. The Nominating Committee is of the opinion that the criteria specified in the Stockholm Stock Exchange's rules shall be the ones applied in the Nominating Committee's work. 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.

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' competence, experience and backgrounds.

Chairman of the Board:

Tom Hedelius

Auditors:

Election of auditors is not up for consideration this year. The auditors were elected for 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 Euroclear's (formerly VPC) printout of the shareholder register on August 31, 2009, 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 appoints a committee chair from among its members. The composition of the Nominating Committee shall be made public not later than six months before the 2010 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 this member, the Nominating Committee shall appoint a new member. Any change in the Nominating Committee's composition shall be announced immediately.

#### Note on the nomination process

Since July 1, 2008, the Swedish Code of Corporate Governance includes new stipulations on 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. Neither the chair of the company nor any other board member may 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 Nominating Committee's proposal for nominating committee members, which is based on established practice in the Company, does not entail any departure from the Code's new rules. If the Nominating Committee is appointed in accordance with previous practice, its composition will be in line with the Code's new rules.

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

AB Industrivärden's Annual General Meeting on April 15, 2008, resolved to assign the Chairman of the Board with the task of contacting four of the largest registered shareholders in terms of votes in VPC's printout of the shareholder register on August 29, 2008, 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 have made up the Nominating Committee: Tom Hedelius (Chairman

of the Board of Industrivärden), Bo Damberg (the Jan Wallander and Tom Hedelius Foundation), Ulf Lundahl (L E Lundbergföretagen), Anders Nyberg (SCA Pension Foundation and others), and Håkan Sandberg (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 October 2008, 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 October 2008:

"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 28, 2008, 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 held two meetings.

**6. Fees**

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

Stockholm, February 17, 2009

---

Håkan Sandberg