

## PRESS RELEASE

### Notice of Annual General Meeting 2016

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**AB Industrivärden (publ) will hold its Annual General Meeting at 2 p.m. on May 9, 2016, at Grand Hotel, Vinterträdgården (entrance at the corner of Stallgatan/Blasieholmsgatan), in Stockholm. Registration opens at 1 p.m., at which time a few of Industrivärden's portfolio companies will present their operations.**

#### **Right to attend and notification**

Those who on May 2, 2016, are registered as shareholders in the shareholder register maintained by Euroclear Sweden AB and who have notified the Company of their intention to attend the Annual General Meeting by no later than May 2, 2016, have the right to attend the Annual General Meeting. Notification may be made by post to AB Industrivärden (publ), "Annual General Meeting 2016", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden; by phone at +46 (0)8 402 92 86; or by electronic form on Industrivärden's website: [www.industrivarden.net](http://www.industrivarden.net). Upon notification, shareholders must provide their name, personal identity number/corporate identity number, address and phone number. The same dates, addresses, etc. apply for notification of the number of any assistants accompanying the shareholder. Proxies, certificates of incorporation and other authorization documents must be on hand at the Annual General Meeting, and to facilitate entry to the meeting, they should be submitted to the Company no later than May 2, 2016. Any proxies must be shown in original and may not be older than one year unless a longer validity period (max. five years) is stated in the proxy. The Company provides proxy forms on its website: [www.industrivarden.net](http://www.industrivarden.net).

Shareholders whose shares are registered in the name of a nominee must, in order to be entitled to attend the meeting, request that their nominee re-register their shares in their own name, so that the shareholder is registered in the shareholder register on May 2, 2016. Such registration may be temporary. Shareholders who wish to register their shares in their own name should inform their nominee well in advance of May 2, 2016.

#### **The Board's proposed agenda**

1. Opening of the meeting
2. Election of a chairman to preside over the Annual General Meeting
3. Drawing-up and approval of the register of voters
4. Approval of the agenda
5. Election of persons to check the minutes
6. Decision as to whether the Annual General Meeting has been duly convened
7. Presentation of:
  - a. the annual report and audit report, and of the consolidated accounts and audit report for the Group
  - b. the auditor's statement on whether the guidelines for executive compensation, which have applied since the previous Annual General Meeting, have been followed

- c. the Board's proposed distribution of earnings and statement in support of such proposal
8. Address by the CEO
9. Decisions concerning:
  - a. adoption of the Income Statement and Balance Sheet, and the Consolidated Income Statement and Consolidated Balance Sheet
  - b. distribution of the Company's earnings as shown in the adopted Balance Sheet
  - c. the record date, in the event the Annual General Meeting resolves to distribute earnings
  - d. discharge from liability to the Company of the members of the Board of Directors and the CEOs
10. Decision on the number of directors
11. Decision regarding directors' fees for each of the Company directors
12. Election of directors and the Chairman of the Board  
The Nomination Committee's proposal:
  - a. Pär Boman (re-election)
  - b. Christian Caspar (re-election)
  - c. Bengt Kjell (re-election)
  - d. Nina Linander (re-election)
  - e. Fredrik Lundberg (re-election)
  - f. Annika Lundius (re-election)
  - g. Lars Pettersson (re-election)
  - h. Helena Stjernholm (new election)
  - i. Fredrik Lundberg as Chairman of the Board (re-election)
13. Decision on the number of auditors
14. Decision on the auditor's fees
15. Election of auditor
16. Decision on guidelines for executive compensation
17. Decision on a long-term share savings program
18. Resolution on proposal from shareholder Thorwald Arvidsson that the Annual General Meeting resolves:
  - a. to adopt a vision on absolute equality on all levels within the Company between men and women
  - b. to delegate to the Company's Board of Directors to appoint a working group with the task of implementing this vision in the long-term as well as to closely monitor the development on both the equality and the ethnicity area
  - c. to annually submit a report in writing to the Annual General Meeting, for example by including the report in the printed version of the Annual Report
  - d. to delegate to the Board of Directors to take necessary action to create a shareholders' association in the Company
  - e. that a member of the Board of Directors should not be allowed to invoice its fees via a legal entity, Swedish or foreign
  - f. that the Nomination Committee, when performing its duties, should pay particular attention to issues associated with ethics, gender and ethnicity
  - g. in conjunction with matter e above, to delegate to the Board of Directors to contact the appropriate public authority (the Government of Sweden or the Swedish Tax Agency) in order to draw their attention to the issue
  - h. delegate to the Board of Directors to prepare a proposal regarding representation on the Board of Directors and the Nomination Committee for the small and medium sized shareholders, to be referred to the 2017 Annual General Meeting or any prior Extraordinary General Meeting
  - i. to amend the Articles of Association (§ 6 section 1) in accordance with the following: When voting on a general meeting, all Class A shares (A-shares) and Class C shares (C-shares) shall carry one vote
  - j. to delegate to the Board of Directors to contact the Government of Sweden in order to draw its attention to the need for abolishment of the possibility of having so called voting power differences through changes in the legal framework

- k. to amend the Articles of Association (§ 7) by addition of a second and third paragraph in accordance with the following: A former minister of the cabinet may not be elected to the Board of Directors before the expiration of two years from the time when the person left the cabinet. Other of the public remunerated full time politicians may not be elected to the Board of Directors before the expiration of one year from the time when the person left the assignment, unless exceptional circumstances dictate otherwise
- l. to delegate to the Board of Directors to contact the Government of Sweden in order to draw its attention to the need to implement a so called quarantine for politicians within Sweden

## 19. Closing of the Annual General Meeting

### **The Board's other proposals**

#### Dividend and record date

The Board of Directors and the CEO propose a dividend of SEK 5.00 per share.

May 11, 2016, has been proposed as the record date for payment of the dividend. Provided that the Annual General Meeting votes in favor of this proposal, dividends are expected to be sent out via Euroclear Sweden AB on May 16, 2016.

#### Guidelines for compensation to senior executives

The Board of Directors proposes that the General Meeting resolves on the following guidelines for compensation for senior executives. The proposal is in all material aspects consistent with the guidelines resolved by the 2015 Annual General Meeting, with the adjustment that pension benefits in all essential parts shall be defined-contribution.

Compensation paid to the CEO and other members of the executive management shall consist of a base salary, variable salary, other benefits and pension. The total compensation should correspond to market terms and be competitive, and shall be related to the executive's responsibilities and authority. The variable salary consists of a short-term variable salary component (yearly) and a long-term variable salary component. The short-term variable salary component is based on individual performance, shall have a cap, and never exceed the base salary. The long-term variable salary is based on the long-term performance of the Company's share and shall have a cap. None of the variable components shall be pensionable. Upon termination of an executive's employment contract by the Company, a two-year notice period applies. No severance pay should be payable. Pension benefits shall in all material respects be defined-contribution, and give the members of the executive management the right to retirement benefits from 60 or 65 years of age, depending on their position. The Board may depart from these guidelines if there are special reasons for doing so in individual cases.

#### Long-term share savings program

##### *Background*

Since 2012 the Annual General Meetings have resolved on the implementation of long-term share saving programs to the employees in the Company on essentially the same conditions. The share savings program (the "Program") now proposed by the Board of Directors to the 2016 Annual General Meeting deviate from these former programs by implementing performance criteria as a condition for maximum allotment of shares under the Program. The Program entails that the employee after three years receives so called matching shares (or an equivalent cash amount) and, if the performance conditions are fulfilled, so called performance shares (or an equivalent cash amount), provided that the employee has invested a portion of its base salary in shares in Industrivärden and that the participant has not been given or has not given notice of termination of the employment at the time of the allotment of shares.

The purpose of the Program is to encourage Industrivärden's employees to increase their shareholdings and thereby further emphasize long-term shareholder value. The share savings program is deemed to increase Industrivärden's prospects for retaining and recruiting competent employees as well as the employees' interest and involvement in Industrivärden's business and development. The implementation of a performance condition, which is based on the total return of the Industrivärden share during the term of the Program, is assessed to further enhance the participants' long-term commitment and the community of interests between the shareholders and the employees in Industrivärden. The Program is intended to be annually recurring and represent the standard for long-term variable salary.

The Board of Directors thus proposes that the 2016 Annual General Meeting resolve on the implementation of a long-term share savings program for no more than 28 employees of the Industrivärden group.

*The Board of Directors' proposal for resolution*

The Board of Directors proposes that the Annual General Meeting resolve to implement the Program based on the terms and conditions set out below.

- a. The Program is open to no more than 5 members of Industrivärden's management ("Management"), to no more than 8 key persons employed within the Industrivärden group ("Key Persons"), and to other permanent employees within the Industrivärden group who are not Management or Key Persons ("Employees"), however in total no more than 28 permanent employees within the Industrivärden group.
- b. Under the terms of the Program, Management, Key Persons and Employees are offered the opportunity to, provided that they have made an investment of their own in Class C shares in Industrivärden ("Saving Shares") during the Acquisition Period (defined in item d below), from a designated third party at the end of the Lock-up Period (defined in item e below) be allotted 0,5 Class C shares in Industrivärden free of charge ("Matching Shares") per Saving Share. The Program also implies that Management, Key Persons and Employees, free of charge and in addition to allotted Matching Shares, can be allotted additional Class C shares based on the total return during the Lock-up Period of the Class C share compared to the total return index SIXRX during the same period of time ("Performance Shares"), in accordance with the following: Provided that the average yearly total return of the Class C share during the Lock-up Period is equal to or exceeds SIXRX during the same period of time, Management may be allotted 1.0 Performance Share, Key Persons be allotted 0.5 Performance Share and Employees be allotted 0.5 Performance Share. Provided that the average yearly total return of the Class C share during the Lock-up Period exceeds SIXRX with two (2) percentage points during the same period of time, Management may additionally be allotted 1.0 Performance Share and Key Persons may additionally be allotted 0.5 Performance Share. In total, the Program consequently means that Management may be allotted 2.5 shares per Saving Share, that Key Persons may be allotted 1.5 shares per Saving Share and that Employees may be allotted 1.0 share per Saving Share.
- c. To the extent program participants are entitled to receive allotment of Matching Shares and Performance Shares, the participant shall have the right to choose instead to receive an amount in cash, provided that it is cost neutral for Industrivärden. Any reference below to the allocation of Matching Shares and Performance Shares shall, where appropriate, instead be a reference to the receipt of an amount in cash.
- d. The maximum number of Saving Shares that each program participant may acquire is limited in such way that Saving Shares may be acquired for an amount corresponding to a maximum of ten (10) percent of the participant's annual base gross salary for 2016. Acquisition of Saving Shares shall take place during the period May 16 - October 21, 2016 (the "Acquisition Period").
- e. Allotment of Matching Shares and Performance Shares is expected to take place shortly after the publication of Industrivärden's quarterly report for the third quarter 2019. The time from October 22, 2016, to the date of publication of Industrivärden's quarterly report for the third quarter 2019, is defined as the "Lock-up Period".

- f. In order for a program participant to be allotted Matching Shares and Performance Shares it is required that, with certain specific exemptions, he or she has not been given or has not given notice of termination of the employment within the Industrivärden group during the Lock-up Period and that the participant, throughout the Lock-up Period, has retained the Saving Shares. Saving Shares disposed of prior to the expiration of the Lock-up Period will therefore not entitle to any allotment of Matching Shares or Performance Shares. Should a program participant retire during the Lock-up Period, the entitlement to receive allotment of Matching Shares and Performance Shares shall be reduced in proportion to the time remaining in the Lock-up Period.
- g. The Program shall comprise a maximum of 100,000 Class C shares in Industrivärden. Should Saving Shares be acquired at a share price such that the total number of Matching Shares and Performance Shares exceeds 100,000 the number of Matching Shares and Performance Shares that may be transferred to the program participants will be proportionally reduced.
- h. The Board of Directors shall be authorized to establish the detailed terms and conditions for the Program.
- i. If significant changes in Industrivärden or in the market were to occur, or if the costs for the Program were to significantly exceed the estimated costs, and this, in the opinion of the Board of Directors, were to result in a situation where the conditions for allotment of Matching Shares and Performance Shares under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, a decision to reduce the allotment of Matching Shares and Performance Shares or to not allot any Matching Shares or Performance Shares at all.
- j. The number of Matching Shares and Performance Shares shall be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

#### *Drafting of the proposal*

The proposal regarding the Program to the 2016 Annual General Meeting has been prepared and decided on by the Board of Directors.

#### *Hedging, etc.*

The Board of Directors intends to hedge the expected financial exposure of the Program by, on behalf of Industrivärden, entering into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer Class C shares in Industrivärden to the program participants.

As proposed the Program may in total comprise a maximum of 100,000 Class C shares in Industrivärden, representing approximately 0.02 percent of all outstanding shares in Industrivärden and approximately 0.06 percent of all outstanding Class C shares in Industrivärden.

In accordance with the scope of the Program as described above, the costs at full allotment are estimated to total approximately SEK 12 million, under the assumption that 28 employees participate in the Program and that all program participants acquire the maximum number of Saving Shares.

The Program is expected to have only marginal effects on Industrivärden's and the Industrivärden group's key ratios.

#### *Majority requirements*

The General Meeting's resolution in accordance with the above requires a majority of more than half of the votes cast.

### **Nominating Committee's proposals**

The Nominating Committee has consisted of Fredrik Lundberg, Chairman of the Board in AB Industrivärden, Bo Damberg (the Jan Wallander and Tom Hedelius Foundation and others), Mats Guldbbrand (L E Lundbergföretagen), Mikael Schmidt (SCA pension foundations and others), and

Håkan Sandberg (Handelsbanken Pension Foundation and Handelsbanken Pension Fund, and others). Håkan Sandberg has served as Nominating Committee chair.

The Nominating Committee has made the following proposals.

Chairman to preside over the Annual General Meeting:

Attorney Sven Unger.

Number of directors:

Eight directors and no deputies.

Directors' fees:

Unchanged at SEK 2,000,000 for the Chairman of the Board, unchanged at SEK 1,200,000 for the Vice Chairman of the Board (if appointed), unchanged at SEK 600,000 for each of the other non-executive directors in the Industrivärden group. No separate fee shall be paid for committee work.

Directors:

Re-election of Pär Boman, Christian Caspar, Bengt Kjell, Nina Linander, Fredrik Lundberg, Annika Lundius and Lars Pettersson and new election of Helena Stjernholm, the CEO of AB Industrivärden.

Chairman of the Board: Re-election of Fredrik Lundberg as Chairman of the Board.

Details of the re-election and new election of the proposed board members are available in the section regarding corporate governance on Industrivärden's website [www.industrivarden.net](http://www.industrivarden.net).

Number of auditors

One registered accounting firm.

Auditor's fee:

Payable per approved invoice.

Auditor

Re-election of PricewaterhouseCoopers AB for a term extending until the end of the 2017 Annual General Meeting. In the event PricewaterhouseCoopers is elected, PricewaterhouseCoopers has announced that the auditing company will appoint authorized accountant Magnus Svensson Henryson as auditor in charge.

## **Proposals from shareholders**

The complete proposals under item 18 on the agenda are set out in the agenda.

*Majority requirements*

A resolution by the General Meeting to amend the Articles of Association in accordance with item 18 i. is valid if all shareholders represented at the meeting vote in favor of the proposal and those shareholders represent at least nine-tenths of all shares in the Company, alternatively if shareholders representing at least two-thirds of the votes cast as well as the shares represented at the meeting vote in favor of the proposal and holders of half of all shares of Class A and nine-tenths of the shares of Class A represented at the meeting agree to the amendments. A resolution by the General Meeting to amend the Article of Association in accordance with item 18 k. is valid if supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

## **Documents**

Accounting records, audit reports and auditors' statements, and the Board's proposed distribution of earnings and statement in support of such proposal, will be on hand for the shareholders at the Company three weeks before the General Meeting. These documents will also then be posted on the

Company's website, [www.industrivarden.net](http://www.industrivarden.net), and will be sent to shareholders at their postal address upon request. The documents will also be available at the General Meeting.

## **Number of shares and votes in the Company**

The total number of shares in AB Industrivärden is 432,341,271, of which 268,185,430 are Class A shares and 164,155,841 are Class C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote. The total number of votes is 284,601,014. This data pertains to the conditions at the time this notice is issued.

## **Disclosures at the Annual General Meeting**

The shareholders have the right to certain disclosures at the Annual General Meeting: The Board of Directors and the CEO shall, if requested by any shareholder, and if the Board believes that it can be done without causing material harm to the Company, provide disclosures on conditions that could affect the assessment of a matter on the agenda, conditions that could have an effect on the assessment of the Company's or a subsidiary's financial situation as well as of the Company's relations with another Group company. A shareholder who wishes to submit questions in advance can do so by post: AB Industrivärden, the Board of Directors, Box 5403, SE-114 84 Stockholm, Sweden, or by e-mail: [agm@industrivarden.se](mailto:agm@industrivarden.se).

Stockholm, March 2016

AB Industrivärden (publ)  
*The Board of Directors*