

CORPORATE GOVERNANCE

Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden. The company is the Parent Company of the Nobia Group. The basis for the control of the Group includes the Swedish Corporate Governance Code, the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Rule Book for Issuers.

Nobia has applied the Swedish Corporate Governance Code (the Code) since July 2005 and in 2018, the company had no deviations to report. Nobia also applies the Swedish Annual Accounts Act concerning the company's corporate governance reporting. Nobia monitors developments in the area of corporate governance and continuously adapts its corporate-governance principles to create value for its owners and other stakeholders. By way of information, it is noted that there were no breaches of applicable stock-exchange rules or good practice on the stock market based on decisions by Nasdaq Stockholm's Disciplinary Committee or statements by the Swedish Securities Council.

2018 ANNUAL GENERAL MEETING

The right of shareholders to make decisions concerning the affairs of Nobia is exercised at the AGM (AGM). A notice convening the AGM is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2018 Annual General Meeting was held on 10 April at Lundqvist & Lindqvist Klara Strand Konferens, Klarabergsviadukten 90 in Stockholm. 131 shareholders participated at the 2018 AGM, representing 67 per cent of the capital and votes in Nobia. The Board of Directors, members of Group management and auditors were present at the Meeting. Board Chairman, Tomas Billing, was elected Chairman of the Meeting. In accordance with the Board's proposal, the AGM resolved on a dividend to shareholders of SEK 3.50 per share in an ordinary dividend and an extra dividend of SEK 3.50 per share. The Meeting also resolved that the number of Board members should be nine without any deputy members until the conclusion of the next AGM, and resolved on fees to the Board, Board Chairman, and the Chairman and members of the Audit Committee, and the Meeting also elected Board members, the Nomination Committee and auditors. Tomas Billing, who has served as Chairman since 2015, declined re-election. Hans Eckerström was elected Board Chairman. All other Board members were re-elected. The AGM re-elected Deloitte AB as the company's auditor, with Daniel de Paula as Auditor-in-Charge. In accordance with the Board's proposal, the AGM also resolved on guidelines and other employment conditions for the senior executives, the adoption of a Performance Share Plan, an authorisation for the Board of Directors to make decisions regarding acquisitions and transfers of treasury shares for the period until the 2019 AGM and the reduction of Nobia's share capital by withdrawing a maximum of 5,000,000 treasury shares.

The complete minutes from the AGM are available on Nobia's website.

Individual shareholders wishing to have a specific matter addressed by the AGM can do so by submitting a request to the Board in good time prior to the Meeting, to the address published on the Group's website.

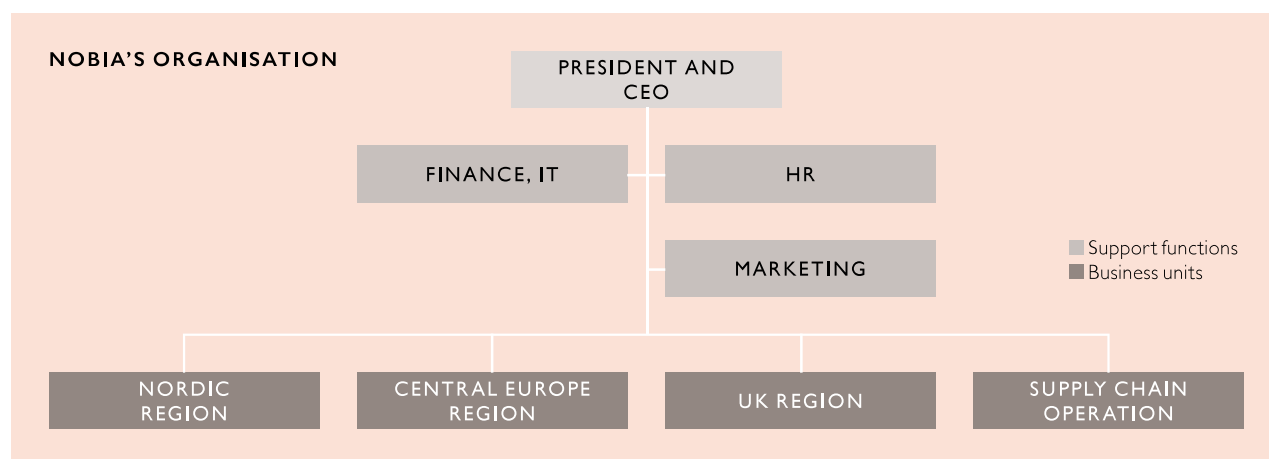
ARTICLES OF ASSOCIATION

Nobia's Articles of Association regulate such matters as the focus of the operations, information about share capital and how notification of the AGM is to take place. The Articles of Association do not contain any provisions that regulate the appointment or dismissal of Board members, except for a provision regarding the minimum and maximum number of Board members. There are no provisions in the Articles of Association regarding amendments to the Articles of Association. Notices of extraordinary general meetings that address amendments to the Articles of Association are, in accordance with the Companies Act, to be issued not earlier than six weeks and not later than four weeks prior to the meeting. The full text of the Articles of Association is available on Nobia's website.

On 31 December 2018, the share capital in Nobia AB amounted to SEK 56,763,597 divided between 170,293,458 shares (of which Nobia held 1,606,568 treasury shares). All of the shares are of the same class. 5,000,000 treasury shares in Nobia were cancelled in July 2018 in accordance with the resolution of the 2018 AGM to reduce the share capital by withdrawing treasury shares. The share's quotient value is SEK 0.33. All shares, except for bought-back treasury shares, entitle owners to a share of the company's assets and profit. The Nobia share and ownership structure are described in more detail on pages 100–101.

NOMINATION COMMITTEE

According to the instruction for Nobia's Nomination Committee adopted at the 2015 AGM, the members and Chairman of the Committee are to be elected at the AGM for the period until the conclusion of the following AGM. The Nomination Committee shall comprise at least three members representing the largest shareholders of the company. The Chairman of the Nomination Committee shall convene the first meeting of the Nomination Committee. The Nomination Committee is entitled to appoint an additional two co-opted members. Co-opted members shall assist the Nomination Committee in performing its duties but have no voting rights. The Chairman of the Board may be a member of the Nomination Committee only as a co-opted member. In accordance with the Code, the Nomination Committee should be chaired by an owner representative. The instruction for the Nomination Committee adopted by the AGM also states that the Nomination Committee's tasks are to submit proposals on the election of the Board Chairman and other members of the Board of Directors, Directors' fees and any remuneration for committee work, election and remuneration of the auditor, election of the Chairman of the AGM and election of members of the Nomination Committee. The Code states that in its proposals on Board members, the Nomina-



BOARD OF DIRECTORS IN 2018

		Board meetings, 7 meetings in total	Audit Committee, 5 meetings in total	Remuneration Committee, 5 meetings in total	Born	Board member since	Nationality	Independent
Hans Eckerström ³	Chairman	6		4	1972	2018	Swedish	Not independent ¹
Tomas Billing ⁴	Chairman	1		1	1963	2015	Swedish	Not independent ¹
Morten Falkenberg	President and CEO	7			1958	2011	Danish	Not independent ²
Lilian Fossum Biner	Board member	7	5		1962	2012	Swedish	Independent
Nora Førisdal Larssen	Board member	7	5		1965	2011	Norwegian	Not independent ¹
Stefan Jacobsson	Board member	6			1952	2014	Swedish	Independent
Ricard Wennerklint	Board member	7		5	1969	2014	Swedish	Not independent ¹
Christina Ståhl	Board member	7			1970	2015	Swedish	Independent
Jill Little	Board member	7			1953	2017	British	Independent
George Adams	Board member	7			1956	2017	British	Independent
Per Bergström	Employee rep.	7			1960	2000	Swedish	
Marie Ströberg	Employee rep.	6			1973	2007	Swedish	
Terese Asthede ⁵	Employee rep.	5			1971	2013	Swedish	
Susanne Levinsson ⁵	Employee rep.	6			1973	2017	Swedish	

1) In relation to major shareholders. 2) President. 3) New Board member from 10 April 2018. 4) Stepped down from Board on 10 April 2018. 5) Deputy.

tion Committee is to pay particular attention to the requirement of diversity and breadth on the Board and the requirement of an even gender distribution. The number of women on the Board amounts to four of the nine members elected at the AGM. In performing its other duties, the Nomination Committee shall fulfil the requirements incumbent on the Committee in accordance with the Code.

In accordance with the resolution adopted at the 2018 AGM, the Nomination Committee comprised the following members prior to the 2019 AGM: Tomas Billing (Chairman) representing Nordstjernen, Torbjörn Magnusson representing If Skadeförsäkring, Mats Gustavsson representing Lannebo funds and Arne Lööw representing the Fourth Swedish National Pension Fund. The members of the Nomination Committee represent approximately 47 per cent of the shares and votes in the company. No remuneration is paid to the Committee members.

The Nomination Committee held three minuted meetings prior to the 2019 Annual General Meeting. Based on the company's strategy and priorities, the Nomination Committee's work included an evaluation of the results of the Board of Directors' own evaluation, its size and composition and the election of an auditor.

The Nomination Committee's proposals prior to the 2019 AGM are incorporated in the notice of the AGM, which was published on Nobia's website on 2 April.

Shareholders are welcome to contact the Nomination Committee and submit proposals by post to: Nobia AB, Nomination Committee, Box 70376, SE-107 24 Stockholm, Sweden.

WORK OF THE BOARD OF DIRECTORS

In accordance with Nobia's Articles of Association, the Board is, to the extent appointed by the General Meeting, to comprise not fewer than three and not more than nine members, with not more than three deputy members. The 2018 AGM resolved that the Board was to comprise nine members with no deputy members. The Board also includes two members, with two deputy members, who are appointed by employees' organisation in accordance with the Swedish Board Representation (Private Sector Employees) Act. The Code also contains certain requirements regarding the composition of the Board of Directors. The Board is to have an appropriate composition with respect to the company's operations, stage of development, strategy and other circumstances, and be characterised by diversity and breadth in terms of the competence, experience and background of the Board members elected by the AGM. Furthermore, efforts are made to achieve an even gender distribution. The number of women on the Board amounts to four of the nine members elected at the AGM, including the President, corresponding to 44 per cent. The gender-distribution requirements of the Swedish Corporate Governance Code are thus deemed to be met.

No deputies of Board members elected by the AGM are appointed. A maximum of one Board member elected by the AGM may work in company management or in the management of the company's subsidiaries. Furthermore, a majority of the Board members elected by the AGM are to be independent in relation to the company and company management.

At least two of these Board members must also be independent in relation to the company's largest shareholders. Nobia's Board of Directors fulfils these requirements. The President is proposed as a member of the Board that is proposed to the 2019 AGM. This has been the case in earlier years, except for 2010 when the then President decided to retire. Other executives in the company participate at Board meetings to make presentations and to serve as secretary. The Board held seven meetings during the 2018 financial year.

The work of the Board of Directors follows a fixed agenda for each Board meeting, including such matters as business status, investments, budget, interim reports and annual accounts. The Chairman leads and delegates the work of the Board and ensures that matters not included in the fixed agenda are addressed. The Board's work is regulated by the rules of procedure adopted annually by the Board and by the instruction regarding the distribution of duties between the Board and the President. Much of the Board's work in 2018 was devoted to digitisation and range and supply chain. The focus also remained targeted on evaluating acquisition opportunities, organisational development, efficiency and growth. In the summer of 2018, the Board visited one of Magnet's kitchen stores with a new concept, and visited a competitor's kitchen store in the UK. The Board members are presented on pages 96–97. Attendance at Board meetings is shown in the table on page 93.

The work and composition of the Board were evaluated in 2018. One member of the Board submitted a number of questions as the basis of an evaluation and discussion with the Chairman.

The results of the evaluation were presented to the Nomination Committee. The Board also evaluates the President on an ongoing basis throughout the year. The Board also evaluated the Audit Committee. In 2018, the Group's CFO served as the Board of Directors' secretary.

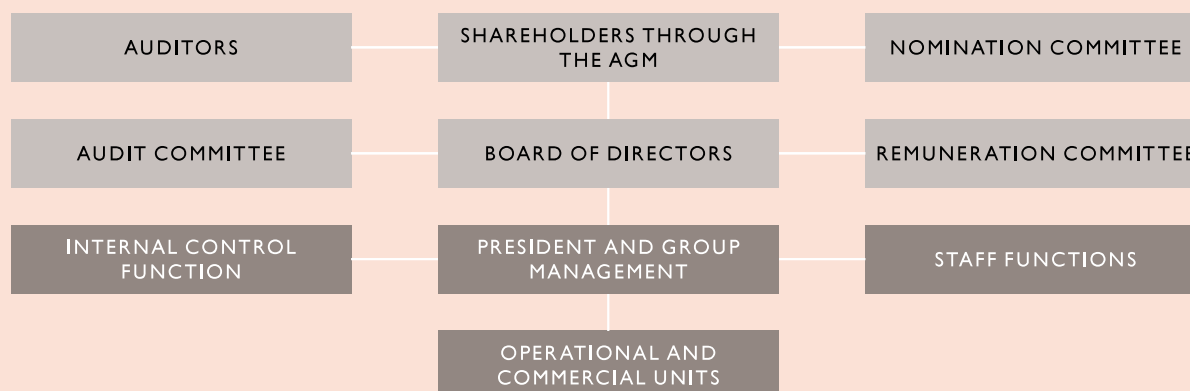
AUDIT COMMITTEE

The main task of the Audit Committee is to assist the Board in monitoring processes related to Nobia's financial reporting and internal control to ensure the quality of the external reporting. The Committee is also to inform the Board of the results of the external audit and the manner in which the audit contributed to the reliability of the financial reporting. The Audit Committee's duties also include studying internal audit reports compiled by the Group's internal audit function. The Audit Committee is also responsible for supporting the Nomination Committee in preparing proposals on the election of external auditors and auditor's fees.

The Audit Committee comprises two Board members: Lilian Fossum Biner (Chairman) and Nora Førisdal Larssen. The external auditors report to the Committee at three scheduled meetings. At least four meetings are held per year and additional meetings are held as necessary.

In 2018, the Audit Committee held five meetings and the auditors attended three of these meetings. Important matters during the year included follow-ups of targeted internal examinations, regulatory compliance, evaluations of financial reporting including evaluation of the application of accounting policies and assessments in the accounts and reporting of suspected breaches of the Code of Conduct through Speak-up

OVERVIEW OF GOVERNANCE AT NOBIA

**Key external regulatory frameworks:**

- Swedish Companies Act
- IFRS and Swedish Annual Accounts Act
- Nasdaq Stockholm's Rule Book for Issuers
- Swedish Corporate Governance Code, www.corporategovernanceboard.se

Key internal regulatory frameworks:

- Articles of Association
- The Board's rules of procedure and instructions on the distribution of duties between the Board and President, rules of procedure for the Audit Committee, internal policies, guidelines, manuals, codes and checklists
- Nobia's Financial & Accounting Manual
- Risk Management Process

(Nobia's global whistle-blower system). The Audit Committee reports to the Board after every meeting. Minutes are taken at all Audit Committee meetings and these minutes are made available to all Board members and the auditors. The attendance of each Board member at meetings is shown in the table below.

The Group's CFO and the Head of Internal Control participated in the Audit Committee's meetings.

THE BOARD'S COMMUNICATION WITH THE COMPANY'S AUDITORS

As described above, the company's external auditors attend three Audit Committee meetings. The Board meets with the auditors three times a year in accordance with its rules of procedure. The Board meets with the auditors at least once a year without any member of company management being present.

One occasion is primarily devoted to the planning of the year's audit. In the hard-close audit (in preparation for the audit of the annual accounts) at the end of September, the company's processes for internal control and business-critical systems are also addressed. Finally, reporting is received in conjunction with the adoption of the annual accounts. In addition, the auditors also present an annual account of the other assignments that have been performed by the audit firm.

In April 2018, the auditors presented and discussed the focus and scope of the audit, which also took particular consideration of the risk perspective regarding internal control. At the meeting in October, the auditors reported on the results of the audit of internal control, which analysed the results of the self-assessment of the internal control that the Group's business units perform every year, and reported on the IT audit performed. Also at this meeting, the auditors presented their observations from the hard-close audit. The examination of the annual accounts for 2018 was presented at the Board meeting in February 2019.

REMUNERATION COMMITTEE

The Board appoints a Remuneration Committee from within its ranks, which for the period from the 2018 AGM until the 2019 AGM comprised Hans Eckerström (Board Chairman), and Ricard Wennerklint. The Committee's task is to prepare proposals to the Board relating to the remuneration and employment terms for the President. The Committee also has the task of making decisions on the President's proposals regarding remuneration and other employment terms for the managers who report to the President. Furthermore, the Committee submits proposals to the AGM regarding principles for remuneration and other employment terms for senior executives and monitors and evaluates the ongoing schemes for variable remuneration to senior executives, and the schemes concluded during the year, and the implementation of the Annual General Meeting's decision on guidelines for remuneration to senior executives. The Committee held five meetings during the year.

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REMUNERATION TO SENIOR EXECUTIVES

The members of Group management receive both fixed and variable remuneration. The fundamental principle is that the variable salary portion may amount to a maximum of 40 per cent of fixed annual salary. The exception to this principle is the President, whose variable salary portion may amount to a maximum of 65 per cent of fixed annual salary. Exceptions may also be made for senior executives following decisions by the Board. The variable salary portion is normally divided between several targets, for example, the Group's earnings, earnings in the business unit for which the manager is responsible and individual/quantitative targets. The variable salary portion is based on an earnings period of one year. The targets for the President are determined by the Board. The targets for the other senior executives are established by the President following recommendations by the Board's Remuneration Committee.

Nobia has implemented long-term share-based remuneration plans since 2005, following decisions by each year's AGM. The Performance Share Plans are described in more detail in the Financial overview of the Board of Directors' Report on pages 41–45. The remuneration and benefits of senior executives are described in Note 4 on pages 70–72.

GROUP MANAGEMENT

The President and Group management, see pages 98–99, hold regular Group management meetings. In addition, the President and the CFO meet the management team of each commercial business unit three times per year at local management team meetings.

AUDITORS

Deloitte AB was re-elected as the company's auditor at the 2018 AGM for a mandate period of one year until the conclusion of the 2019 AGM. The Auditor-in-Charge is Authorised Public Accountant Daniel de Paula. The Nomination Committee's proposals for auditing firm and Auditor-in-Charge prior to the 2019 AGM were presented in the notice of the AGM, which was published on Nobia's website on 2 April. The interaction of the auditors with the Board is described above. Nobia's purchases of services from Deloitte, in addition to audit assignments, are described in Note 6 on page 73.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS REGARDING THE FINANCIAL REPORTING FOR THE 2018 FINANCIAL YEAR

The Board of Directors is responsible for maintaining a high level of internal control at the company in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with Chapter 6, Section 6, second paragraph, second point of the Swedish Annual Accounts Act, and is thereby limited to the internal control and risk management of the financial reporting. The description of the Group's internal control and risk management systems also includes the description of the company's systems.

CONTROL ENVIRONMENTS AND GOVERNING DOCUMENTS

The structure of Nobia is organised so that the first stage of the value chain, purchasing, production and logistics have a Group-wide management function. The main task of these operating units is to capitalise on opportunities for economies of scale within each area. The commercial units are responsible for developing Nobia's sales channels and brands in line with Nobia's strategy.

The basis for the internal control of financial reporting is the control environment that comprises the company's organisation, decision-making procedures, authorities and responsibilities, as documented and communicated in governing documents such as internal policies, guidelines, manuals and codes. Examples include the division of responsibility between the Board on one hand and the President and other bodies established by the Board on the other; instructions for authorisation, and instructions for accounting and reporting.

Documentation concerning the principles and forms for reporting, internal governance, control and monitoring is compiled in Nobia's Financial & Accounting Manual, which is available to all relevant employees on Nobia's intranet.

This Manual is available to all relevant employees on Nobia's intranet. The finance director of each unit is responsible for ensuring effective internal control, and the financial manager of each unit is responsible for monitoring and ensuring compliance with Nobia's accounting procedures and principles. These are documented in the aforementioned manual. All financial managers from the various units meet at least once every two years to discuss various topics relevant to financial reporting.

RISK MANAGEMENT

The Group has methods for risk assessment and risk management to ensure that the risks to which the Group is exposed are managed within the established frameworks. The risks identified concerning financial reporting are managed in the Group's control structure and are continuously monitored and assessed. One of the tools for this purpose is self-assessments, which are conducted annually by local management teams and evaluated according to established procedures. Risk assessments are described in more detail on pages 46–48.

FINANCIAL INFORMATION

The Group has established information and communication channels in order to support the completeness and accuracy of the financial reporting, for example, through governing documents in the form of internal policies, guidelines, manuals and codes regarding the financial reporting applied by relevant personnel.

The Group monitors compliance with these governing documents and measures the efficiency of control structures.

In addition, the Group's information and communication channels are monitored to ensure that these channels are appropriate for the financial reporting. Furthermore, the Group has developed checklists to ensure compliance with the disclosure requirements in the financial statements.

FRAMEWORK FOR FINANCIAL REPORTING

The Group's internal control function, which is an integrated part of the central finance function, monitored viewpoints that emerged during the year from the internal control self-assessment at some of the larger units. In addition, targeted audits of three to five units are carried out every year on behalf of the Audit Committee. In 2018, targeted audits were conducted on Novart, Nobia Svenska Kök, Nobia Production Sweden and Bribus.

MONITORING BY THE BOARD

The outcomes of the Group's risk assessment and risk management processes are addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

The Board receives periodic financial reports and each Board meeting addresses the company's and Group's financial position. The Board also studies the internal audit reports of the Board's Audit Committee compiled by the Group's internal audit function. The internal audit reports include examining internal control and are available to the Board and auditors via the online Board portal. Minutes are taken at all Audit Committee meetings and these minutes are made available to all Board members and the auditors.

Nobia does not currently have a dedicated internal audit function. The Board has discussed this matter and found the existing monitoring and assessment structure of the Group to be satisfactory. External services may also be engaged in the context of certain special examinations. This decision is reviewed annually.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT TO THE ANNUAL MEETING OF SHAREHOLDERS OF NOBIA AB, CORP. REG. NO. 556528-2752

Assignment and responsibilities

The Board of Directors is responsible for ensuring that the Corporate Governance Report for 2018 on pages 92–95 has been prepared in accordance with the Annual Accounts Act.

Focus and scope of examination

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 5 April 2019
Deloitte AB

Daniel de Paula
Authorised Public Accountant