

NOMINATION COMMITTEE'S REPORT PRIOR TO THE 2010 ANNUAL GENERAL MEETING

Background

On January 19, 2010, Hemtex announced the composition of the Nomination Committee and the shareholders represented by its members. Because the Extraordinary General Meeting in Hemtex on December 2, 2009 resolved to change the Company's fiscal year, entailing a shortening of the period up until the Annual General Meeting for the current fiscal year, the prescribed date for announcement of the members of the Nomination Committee according to the Swedish Code of Corporate Governance could not be observed.

The Nomination Committee shall consist of the Chairman of the Board and three members, comprising representatives of the three largest owners in terms of votes, each of whom shall be represented by one member.

In accordance with the Annual General Meeting's mandate in 2009, the Chairman of the Board, Per Wiberg, convened representatives of the three largest owners in terms of votes to comprise the Nomination Committee together with the Chairman prior to the 2010 Annual General Meeting.

Hakon Invest appointed Fredrik Hägglund as its member. Industrivärden appointed Peter Sigfrid, while Bomax AS appointed Nils Kloumann Selte. Fredrik Hägglund was appointed chairman of the Nomination Committee as representative of the largest owner in the Company.

Shareholders have had an opportunity to submit proposals and comments regarding the Nomination Committee's work up until Monday, March 1, 2010, according to the instructions on Hemtex's website.

Report on how the Nomination Committee conducted its work prior to the 2010 Annual General Meeting

In view of the decision by the Extraordinary General Meeting regarding a change in the Company's fiscal year according to the above, entailing that Hemtex's fiscal year 2009 was shortened, the Nomination Committee has only held two physical meetings.

The Nomination Committee's assignments include presenting a proposal prior to the Annual General Meeting concerning Chairman of the Annual General Meeting, the number of Board members and deputies, members of the Board of Directors, Chairman of the Board, auditors (as appropriate), fees for the Chairman of the Board, other Board members and auditors, compensation for committee work and principles for the Nomination Committee.

The first meeting was held on January 29, 2010. At that meeting, the Chairman of the Board presented his evaluation of the Board of Directors and Board members in the Company. The Nomination Committee met with President Erik Gumabon, who presented his views on the Company's future strategy and cooperation with the Board of Directors. At the following meeting, the Nomination Committee met with Kia Orback Pettersson to obtain further information about how Board work had functioned. The overall perception was that the Board work had functioned very well and that the Board possessed the requisite competence.

The Nomination Committee discussed the principal requirements that Board members should be subjected to, particularly in view of the competence that is required by law and which is important for the Company's future strategy, and the requirement for independence of Board members. The question of equal gender distribution was also noted.

Against this background, the Nomination Committee agreed to strive for continuity among Board members and therefore considered that the current Board members should be proposed for re-election.

The Nomination Committee considers that its proposal concerning the Board of Directors is well-motivated in view of the Company's operations and that the Board of Directors has an appropriate composition characterized by diversity and breadth with respect to the Board members' competence, experience and background.

The auditing firm Ernst & Young was elected as auditors at the 2009 Annual General Meeting for a four-year term of office extending up until the 2013 Annual General Meeting.

The Nomination Committee considers that it is of the utmost importance that the Board members own shares in the Company. Accordingly, the Nomination Committee wishes to establish principles for Board members' ownership of shares in the Company and considers that the following guidelines should apply:

- (i) Over a certain period of time, Board members shall build up a shareholding in the Company corresponding to at least one year's Board fees after tax.
- (ii) Board members shall retain a shareholding of at least that size as long as the Board assignment lasts.
- (iii) A portion of the Board fee shall be paid early during the term of office so that a Board member can use the Board fee to acquire shares in the Company as soon as reasonably possible after election of Board members by the Annual General Meeting.

The Nomination Committee's proposals to the 2010 Annual General Meeting are as follows:

- (i) The Nomination Committee proposes that the Chairman of the Board Per Wiberg be elected as Chairman of the 2010 Annual General Meeting.
- (ii) The Nomination Committee proposes that the Board of Directors consist of six (6) ordinary members without deputies (unchanged).
- (iii) The Nomination Committee proposes re-election of Per Wiberg, Kia Orback Petterson, Ingemar Charleson, Mats Holgerson, Meta Persdotter and Stein-Petter Ski. Information about the Board members proposed for re-election is available on the Hemtex website under the heading Corporate Governance.
- (iv) The Nomination Committee proposes Per Wiberg as Chairman of the Board.

- (v) The Nomination Committee proposes that fees to the members of the Board be unchanged, compared with the preceding year. The Nomination Committee took into consideration such factors as fee trends in other comparable companies, the Company's financial position and events in the financial market. Fees shall thus be paid to ordinary Board members elected by the Annual General Meeting in a total amount of SEK 1,190,000, of which SEK 340,000 to the Chairman and SEK 170,000 to each of the other Board members. However, if Stein Petter Ski is elected as a Board member according to the Nomination Committee's proposal, no compensation shall be paid to him.
- (vi) The Nomination Committee proposes that fees to members of the Company's Remuneration Committee for the period up to the next Annual General Meeting be unchanged and amount to a total of SEK 100,000 to be distributed in an amount of SEK 50,000 to the Chairman and SEK 25,000 to each member. However, if Stein Petter Ski is appointed a member of the Remuneration Committee, no compensation shall be paid to him.
- (vii) The Board of Directors of Hemtex has informed the Nomination Committee that it intends to establish an Audit Committee with three members in accordance with what is prescribed by law and in the Swedish Code of Corporate Governance. Accordingly, the Nomination Committee proposes that fees to the members of the Company's Audit Committee shall amount to a total of SEK 100,000 to be distributed in an amount of SEK 50,000 to the Chairman and SEK 25,000 to each member. However, if Stein Petter Ski is appointed as a member of the Remuneration Committee, no compensation shall be paid to him.
- (viii) It is proposed that fees to the auditors be paid according to approved regular invoicing.
- (ix) The Nomination Committee proposes that the 2010 Annual General Meeting establish the current instructions for the Nomination Committee with the principal amendment that in assessing the owners that are the strongest in terms of voting rights, Euroclear Sweden AB's information on ownership structure as of August 31 shall provide the foundation and that the Nomination Committee; in addition, it shall present proposals concerning the fees to be paid to members of the Company's Remuneration and Audit Committees.