

# Corporate governance

## 2011 corporate governance report

Corporate governance in Bure Equity AB is regulated by Swedish law, primarily the Swedish Companies Act and NASDAQ OMX Stockholm's Rules for Issuers. As a listed company, Bure is subject to compliance with the revised rules in the Swedish Code of Corporate Governance ("the Code") as of 1 February 2010. These rules are being applied successively to the extent prescribed in the Code and in pace with the issuance of statements and recommendations by advisory organisations (such as the Swedish Corporate Governance Board) on specific issues related to the Code. Bure Equity applies the Code and reports no deviations from the Code for the financial year 2011 aside from that regarding the company's special audit function (see section on deviations from the Code on page 59).

The corporate governance report has been examined by the company's auditor. For additional information about corporate governance issues that are not covered in this corporate governance report, see [www.bure.se](http://www.bure.se).

## Share capital

Bure has been listed on NASDAQ OMX Stockholm since 1993. At 31 December 2011 the share capital amounted to SEK 535M and was divided between 85,327,987 class A shares. The company's class A shares grant the right to one vote per share. All shares grant entitlement to an equal share in the company's assets and equal dividends.

At year-end 2011 Bure had 20,898 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 48.0 per cent of the shares. Nordea Investment Funds was Bure's largest shareholder, with 11.0 per cent of the shares. The percentage of shares held by physical persons or legal entities outside Sweden was 35.1 per cent. For more information about Bure's shareholders and share price performance in 2011 is provided on pages 10–11. The 2011 Annual General Meeting (AGM) authorised the Board, during the period until the next AGM, to acquire treasury shares corresponding to a maximum of 10 per cent of all shares outstanding. At 31 December 2011 Bure held 3,970,746 treasury shares, equal to 4.6 per cent of the total number of shares in the company.

## General meeting of shareholders

The general meeting of shareholders is Bure's highest decision-making body and shall be held in Stockholm or Göteborg once a year before the end of the month of June. According to the Articles of Association currently in force, notice of annual general meetings shall be published no more than six weeks and no fewer than four weeks prior to the meeting and notice of extraordinary general meetings no more than six weeks and no fewer than two weeks prior to the meeting. Notice must always be given through an announcement in the official gazette, Post- och Inrikes Tidningar, and in Svenska Dagbladet.

In order to have a matter dealt with at an AGM, the shareholder must submit a written request to the Board in good time so that the matter can be included in the notice to attend the meeting. Information about the deadline for such requests is provided on the company's website. Bure's Article of Association contain no limitations regarding the number of votes each shareholder may exercise at the meeting. All shareholders who are entered in Euroclear Sweden's shareholder register and who have notified the company of their intention to attend by the specified date have the right to participate in the meeting and exercise the votes for their total shareholdings. Shareholders may be accompanied by an assistant at the meeting if they notify the company in advance.

## 2011 Annual General Meeting

The 2011 AGM was held on 28 April in Stockholm. The meeting was attended by 101 shareholders, proxies and assistants, together representing 39.09 per cent of the votes and 39.09 per cent of the share capital. Bure's Board of Directors, management and auditor were present. The CEO's address was published in full on the website the day after the meeting.

## Nominating committee ahead of the 2012 AGM

On 12 October 2011 Bure announced the composition of the nominating committee, which was appointed in accordance with the instructions for the nominating committee that were adopted by Bure's 2011 AGM. These state that the Board Chairman, not later than at the end of the third quarter of each year, shall ensure that the company's three largest shareholders are given the opportunity to each appoint one member to the nominating committee. Should any of these three shareholders waive its right to appoint a member, the shareholder next in order of voting power will be contacted to appoint a member to the committee. The mandate period is one year. Furthermore, the Board Chairman shall be a member of the nominating committee.

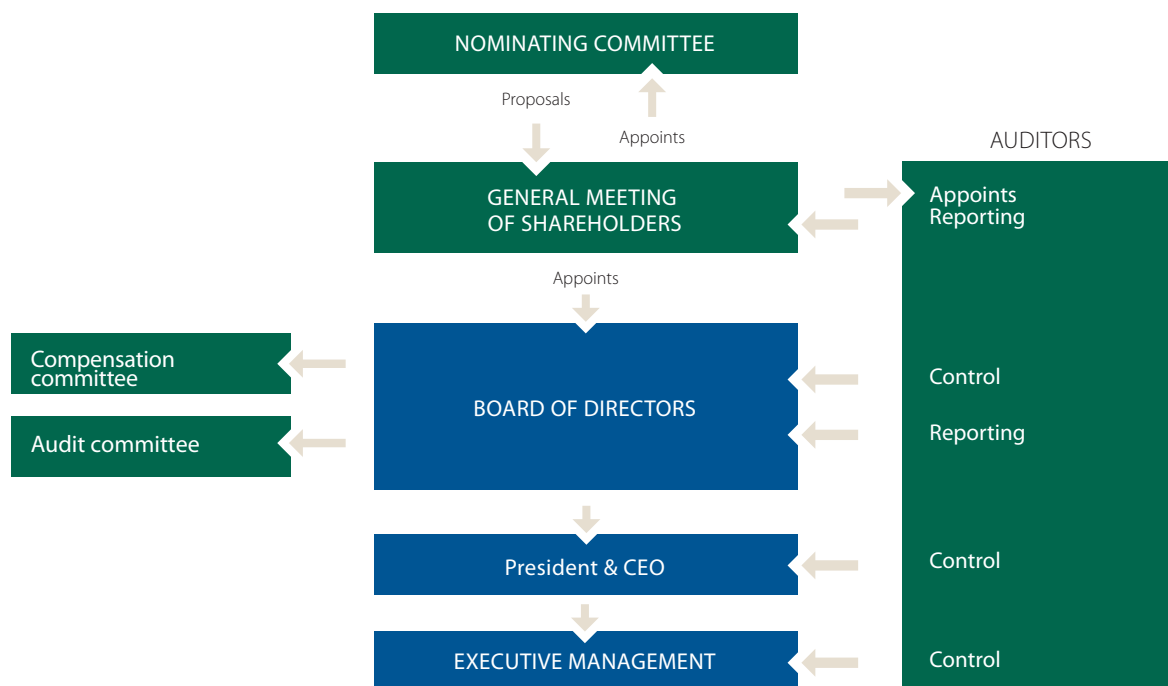
No compensation is paid for work on the nominating committee.

### *The nominating committee consists of:*

- Lars Olofsson representing the Tigerschiöld family, which holds 17.9 per cent of the shares in Bure.
- Thomas Ehlin representing Nordea Investment Funds, which holds 11.0 per cent of the shares in Bure.
- Per Björkman representing the Björkman family, which holds 6.1 per cent of the shares in Bure.
- Björn Björnsson, Chairman of the Board of Bure Equity AB.

### *The tasks of the nominating committee are to prepare and submit proposals to the AGM regarding:*

- Election of a chairman of the meeting.
- Election of and fees for the Board Chairman and the other members of the company's Board.



- Election of and fees for the auditor and deputy auditor (where applicable).
- Principles for appointment of the next nominating committee.

The auditor was elected by the 2008 AGM to serve for a period of four years. Ahead of the 2012 AGM, the nominating committee has held four minuted meetings. The nominating committee's proposals, report on the work of the nominating committee ahead of the AGM and supplementary information about the proposed Board members will be posted on the company's website in connection with the notice to attend the AGM.

### Role of the Board of Directors

All members of the Board are appointed by the shareholders at the Annual General Meeting to serve for a period of one year from the AGM until the end of the next AGM. According to the Articles of Association, Bure's Board of Directors shall consist of no fewer than five and no more than nine members.

The AGM on 28 April 2011 elected Björn Björnsson as Board Chairman and Håkan Larsson, Mathias Uhlén, Carl Björkman and Eva Gidlöf as regular Board members. Information about the Board members and the CEO is presented at the end of the corporate governance report. Attorney Niklas Larsson from Wistrands Advokatbyrå has served as Secretary of the Board.

The Board is responsible for the company's organisation and management of the company's affairs, but not for operating activities. The tasks of the Board are to assess the company's financial

situation, continuously monitor activities, adopt a procedural plan, appoint a CEO and define the separation of duties. The work of the Board includes development of the company's strategy and business plan in such a way that the long-term interests of the shareholders are served in the best possible way.

### Work of the Board

The work of the Board of Directors is governed by a procedural plan that was most recently adopted at the statutory meeting of the Board on 28 April 2011. The work of the Board follows a yearly plan containing fixed decision points that is adopted yearly in connection with the statutory meeting. According to the procedural plan, the Board is responsible for the company's organisation and management of the company's affairs. Among other things, the Board's procedural plan includes information about the separation of duties between the Board, the Chairman, the CEO and the Board's committees.

The Board continuously monitors the financial situation of the company and the Group so that the Board is able to meet the monitoring obligations required by law, NASDAQ OMX Stockholm's Rules for Issuers and good board practice. The procedural plan states that it is the responsibility of the Board to decide on matters that are not part of operating activities or that are of major importance, such as material financial commitments and agreements and significant changes in the organisation.

Every year, Bure's Board of Directors establishes and documents the company's goals and strategies and discusses marketing, strategic and budgetary issues. The Board establishes the company's finance

policy, right of authorisation and decision-making procedure. The Board has formulated specific instructions regarding the responsibilities and powers of Bure's CEO. The management continuously provides the Board with reports and updates about operations. Information materials and decision data ahead of Board meetings are distributed around one week prior to each Board meeting.

The company's auditors attend two Board meetings every year to report on the year's audit and their evaluation of the company's internal control systems. The auditors present their observations from the annual audit directly to the Board. Once a year, the auditors meet with the Board without the presence of any member of the Executive Management.

### Work of the Board in 2011

The Board normally holds six meetings during the year, and meets more frequently when required. In the past financial year the Board held 11 meetings, consisting of 8 scheduled meetings and 3 extra meetings, of which 3 were held per capsulam. See Board attendance in the table below.

Total Board fees in Bure Equity AB as approved by the 2011 AGM amount to SEK 1,475,000, of which SEK 575,000 is paid to the Chairman.

### Board evaluation

Once a year, the Board carries out a systematic evaluation in which the Board members have the opportunity to state their views on the working procedures, Board materials, their own performance and that of the other Board members in order to develop the work of the Board and provide the nominating committee with a relevant basis for decision ahead of the AGM.

### Board committees

The Board's procedural plan contains instructions regarding the compensation committee and audit committee. The work of both committees is performed by the Board as a whole.

The compensation committee discusses and decides on matters relating to compensation in the form of salary, pensions and bonuses or other terms of employment for the CEO and

staff reporting directly to the CEO. The proposed principles for compensation to the CEO and Executive Management were put before the AGM on 28 April 2011 for decision.

The role of the audit committee is to continuously support the Board in matters relating to auditing, internal control and review of the financial accounts and interim reports. The committee is also responsible for evaluating the auditors' performance and preparing for election of new auditors when appropriate. The entire audit committee met with the company's auditor on one occasion during the year.

### Principles for compensation to senior executives

The AGM adopts principles for compensation to senior executives. Proposals are prepared by the compensation committee. The main principle is to offer market-based compensation and terms of employment. The total compensation package consists of fixed basic salary, variable salary, pension benefits and other benefits. The principles that were applied in 2011 are described in the administration report. Information about compensation to the CEO and other senior executives during 2011 is provided in Note 35. The Board intends to propose that Bure's 2012 AGM approve unchanged principles for compensation and other terms of employment for senior executives.

### Financial reporting

Bure's financial reporting is based on the applicable laws, regulations, rules, agreements and recommendations for companies listed on NASDAQ OMX Stockholm. A more detailed description of the accounting policies is provided on pages 35–39. The audit report for the financial year is found on page 55 of the annual report. The Board and the auditors communicate on an ongoing basis. The Board continuously ensures that the company's finance and accounting organisation is properly dimensioned and has adequate resources.

Every year, the Parent Company issues instructions regarding the financial information to be reported by the subsidiaries and other portfolio companies. Among other things, this information includes income statements, balance sheets, cash flow statements and key figures. A more extensive reporting package is required of the

### Board attendance in Bure Equity during 2011

|                           | Board attendance | Independent <sup>1</sup> | Compensation <sup>2</sup><br>SEK thousands | Shareholding |
|---------------------------|------------------|--------------------------|--------------------------------------------|--------------|
| Björn Björnsson, Chairman | 11/11            | ◆                        | 575                                        | 13,500       |
| Håkan Larsson             | 11/11            | ◆                        | 225                                        | 0            |
| Mathias Uhlén             | 8/11             | ◆                        | 225                                        | 26,500       |
| Carl Björkman             | 11/11            | ◆                        | 225                                        | 2,090,750    |
| Eva Gidlöf                | 11/11            | ◆                        | 225                                        | 0            |

◆ = The member is regarded as independent in relation to the company, its management and the major shareholders in the company.

1) According to the definition in the "Swedish Code of Corporate Governance".

2) The amount refers to the Board member's compensation.

subsidiaries in connection with the annual closing of the books. This reporting takes place in a group-wide accounting system with built-in controls to ensure high quality.

According to the requirements in the listing agreement with NASDAQ OMX Stockholm, the company provides financial information in the form of interim reports, a year-end report, an annual report and press releases in connection with significant events.

### **Deviations from the Code of Corporate Governance**

According to section 7.4 of the Code, the Board of Directors is required to evaluate the need for a special audit function (internal audit) on a yearly basis. The Board's assessment is that Bure has no need for this function under the present circumstances. The Board has instructions and continuously ensures that the responsible individuals in the organisation have the requisite expertise and resources to fulfil their duties in the preparation of financial reports.

### **Presentation of the Board of Directors, CEO and auditors**

Since the time of the AGM, the Board of Directors has consisted of five members. The CEO is not a member of the Board. Of the company's five Board members, all are independent in relation to the company's management and the major shareholders. A description of the Board members' and the CEO's shareholdings and other assignments is provided on page 61–62.

### **Information about the auditors**

Bure has appointed the auditing firm of Ernst & Young AB as its independent auditor. Ernst & Young has appointed Staffan Landén, 48 years old, as Auditor in Charge. Staffan has been Auditor in Charge for Bure since 2008. Aside from Bure Equity, Staffan is auditor of the listed companies Alfa Laval AB and Lindab International AB, as well as other companies with extensive international operations such as Papyrus Holding AB and Capio AB. For information about compensation to Ernst & Young, see Note 9.

### **The Board's description of internal control over financial reporting for the financial year 2011**

As stated in the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the company's internal control. This description has been prepared in accordance with the Swedish Code of Corporate Governance, section 7.4, and is thereby limited to internal control over financial reporting. This description is not part of the formal annual report.

### **Control environment**

The procedural plan for the Board and instructions for the CEO ensure a clearly defined division of roles and responsibilities that promotes effective management of the company's risks. Furthermore, the Board has established a number of normative documents for internal control, and among other things emphasises the importance of having clear and documented instructions and policies in both the Parent Company and the subsidiaries. The Executive Management regularly reports to the Board according to established

routes and is responsible for the system of internal controls that is necessary for management of significant risks in day-to-day operations. This includes guidelines that promote an understanding and awareness among the various executives for the importance of their respective roles in maintaining good internal control.

### **Risk assessment and control activities**

In assessing the risk for irregularities in the company's financial reporting, Bure has developed a model in which a number of areas with a heightened risk for errors have been identified. Special attention has been given to the creation of controls to prevent and detect deficiencies in these areas. Areas where material deficiencies are noted are dealt with immediately.

### **Information and communication**

Significant guidelines, manuals, policies, etc., of relevance for financial reporting are continuously updated and communicated to the appropriate employees. There are both formal and informal communication paths to the Executive Management and Board for significant information from the employees. For external communication, there are guidelines to ensure that the company lives up to high demands regarding complete and accurate information to the market.

### **Monitoring**

The Board continuously monitors and evaluates the information provided by the Executive Management. This includes ensuring that action is taken with respect to any deficiencies or recommendations identified in internal and external audits.

### **Internal audit**

The Board has not found reason to set up an internal audit function. The Board's opinion is that there is no need for this function in the company and that it is not financially justifiable in an organisation as small as Bure's.

The Board has instructions and continuously ensures that the responsible individuals in the organisation have the requisite expertise and resources to fulfil their duties in preparation of the financial reports. Bure holds seats on the boards of the portfolio companies via a representative for the holding. Depending on the holding, it is also possible to appoint more than one member to represent Bure.

Bure's current holdings are spread across different industries and geographical areas. Furthermore, Bure's mission is to acquire and divest its holdings continuously. As a result, it is deemed more appropriate to decide for each individual holding than to set up an internal audit function at the group level. The Parent Company Bure Equity AB with seven employees is relatively small and lacks complex functions where it is difficult to achieve transparency. The need for an internal audit function in the Parent Company must therefore be regarded as small.

Stockholm, 30 March 2012  
The Board of Directors of Bure Equity

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## **Auditor's statement on the corporate governance report**

**To the annual meeting of shareholders in Bure Equity AB**  
**Corporate identity number 556454-8781**

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### **Engagement and responsibility**

The Board of Directors is responsible for the corporate governance statement for the financial year 2011 on pages 56–59 and that the corporate governance statement is prepared in accordance with the Annual Accounts Act.

### **Focus and scope of the audit**

We have read the corporate governance report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory 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.

### **Opinion**

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm, 30 March 2012

Staffan Landén,  
Authorised Public Accountant