

Corporate governance report

Corporate governance report for 2007

Corporate governance in Bure is regulated by Swedish law, primarily the Swedish Companies Act, and the listing agreement with the stock exchange. Bure is quoted on the Mid Cap list of the OMX Nordic Exchange Stockholm, and is therefore subject to compliance with the rules in the Swedish Code of Corporate Governance (the Code) as of 1 July 2005. These rules are 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. This report on Bure's corporate governance in 2007 has not been examined by the company's auditors.

Nomination committee ahead of the 2008 AGM

On 12 October 2007 Bure announced the composition of the nomination committee, which consists of the following representatives for the largest shareholders in Bure:

- Ulf Strömsten, representing Catella Kapitalförvaltning
- Peter Rudman, representing Nordea Fonder
- Henrik Blomquist, representing Skanditek Industriförvaltning AB
- Patrik Tigerschiöld, Chairman of Bure Equity AB.

The nomination committee has been appointed according to the instructions adopted by Bure's 2006 AGM. These state that the Board Chairman, no later than at the end of the third quarter each year, shall ensure that the company's three largest shareholders are given the opportunity to appoint a member to the nomination committee. Should any of these three shareholders waive its right to appoint a member, the shareholder next in order of size 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 committee.

Work of the Board of Directors

Bure's Board of Directors consists of five members. The composition of the Board and the roles of its members and the President are presented at the end of the corporate governance report. The company's CFO Anders Mörck has served as Secretary of the Board.

The work of the Board of Directors is governed by a procedural plan, which was most recently adopted at the statutory meeting on 26 April 2007. The work of the Board follows a yearly plan with fixed decision points that is adopted every year in connection with the statutory meeting. The Board normally holds six meetings during the year, and meets more frequently when required. In the past financial year, the Board held 15 meetings, consisting of 7 scheduled meetings and 8 extra meetings, of which 4 were held per capsulam and 3 by telephone. In connection with one of these meetings, the Board met with the Presidents of the portfolio companies. The Board formed a quorum at all meetings. Board member Björn Björnsson was absent from one scheduled meeting. Among other things, the procedural plan contains instructions regard-

ing the division of responsibilities between the Board, the Chairman, the President and the committees of the Board.

According to the procedural plan, the Board is responsible for the company's organisation and management of the company's affairs. The Board continuously monitors the financial situation of the company and the Group, which is reported on a monthly basis so that the Board is able to meet the monitoring obligations required by law, the listing agreement and good board practice. The procedural plan states that the Board must decide on matters that are not part of operating activities or that are of major importance, such as material financial commitments and agreements, as well as any significant changes in the organisation. Once a year, the Board carries out a systematic evaluation of its performance in order to develop the work of the Board and to provide a relevant basis for decision ahead of the AGM.

Every year, the Board establishes and documents the company's goals and strategies and discusses marketing, strategy and budgetary issues. The Board determines the company's finance policy, right of authorisation and decision-making process. The Board has formulated specific instructions regarding the responsibilities and powers of Bure's President, as well as special reporting instructions for the Executive Management.

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 system. The auditors report their observations from the annual audit directly to the Board. Once a year, the auditor meets with the Board without the presence of any member of the Executive Management.

In 2007 the Board of Directors of Bure Equity AB was paid total fees of SEK 990,000, of which the Chairman received SEK 350,000. No compensation has been paid other than that resolved on by the AGM.

Committees

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

The compensation committee discusses and decides on matters relating to remuneration in the form of salary, pensions and bonuses or other terms of employment for the President and staff reporting directly to the President. Proposed principles for compensation to the President and Executive Management will be put before the 2008 AGM for decision. At present, there are no outstanding share or share-price related incentive schemes for the Board or Executive Management.

The role of the audit committee is to continuously support the Board in matters relating to auditing, internal control and review of the annual accounts and interim reports.

Financial reporting

Bure's financial reporting is based on the applicable laws, regulations, rules, agreements and recommendations for companies listed on the OMX Nordic Exchange Stockholm. A more detailed description of the company's accounting policies is provided on pages 43-46 of the annual report. The audit report for the financial year is found on page 62 of the annual report. The Board and 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. The Board is provided with monthly reports on the development of the portfolio companies, the Parent Company and the Group. Every year, the Parent Company issues instructions regarding the financial information to be provided by the subsidiaries. This information includes income statements, balance sheets, cash flow statements and financial key ratios. A more extensive reporting package is required in connection with the annual closing of the books.

Deviations from the Code

According to section 3.2.4 of the Code, the majority of Board members elected by the AGM shall have an independent status in relation to the company and its management. As shown below, two of Bure's five Board members also have board assignments in subsidiaries of Bure. Because Bure is an investment company which appoints professional boards also in its portfolio companies, it is the Board's assessment that Bure can achieve better control over the holdings by having its Board members also serve on the boards of subsidiaries.

According to section 3.7.3 of the Code, the Board is required to evaluate the need for a special audit function on a yearly basis. The Board's assessment is that Bure has no need for this function under the present circumstances. At the same time, the Board has clear instructions and continuously ensures that the responsible individuals have the expertise and resources needed to fulfil their duties in the preparation of financial reports. The evaluation of the need for an internal audit function will be reassessed in 2008.

Presentation of the Board of Directors, President and auditors

The Board has consisted of five members since the 2007 AGM. The President is not a member of the Board. Of the company's five Board members all, except the Chairman Patrik Tigerschiöld, are independent from the company's largest shareholders. During the period from January to April, Patrik Tigerschiöld was also chairman of the subsidiary Anew Learning AB.

Since March 2007, board member Kjell Duveblad has also served on the board of the subsidiary EnergoRetea Group AB. Board member Ann-Sofi Lodin has also served on the board of Textilia's parent company, Länia Material AB, and Anew Learning AB during the year.

Patrik Tigerschiöld, Chairman

Patrik is 43 years old, M.B.A. and President of Skanditek Industriförvaltning AB, one of the company's largest shareholders. Elected to the Board in 2004. Previously active in SEB and former President of SEB Allemansfonder.

Håkan Larsson, Deputy Chairman

Håkan is 60 years old, M.B.A. and President of Rederi AB Transatlantic. Previously active in the Schenker Group. Elected to the Board in 2002. Håkan is independent from both the company and its major shareholders.

Ann-Sofi Lodin, Board member

Ann-Sofi is 45 years old, M.Pol.Sc. and economist. COO of the healthcare company Global Health Partner. Previously employed in the healthcare group Capio, for example as General Director of Capio Lundby Sjukhus. Elected to the Board in 2006. Ann-Sofi is independent from the company's major shareholders.

Björn Björnsson, Board member

Björn is 61 years old, M.Pol.Sc., and operates his own financial consulting business. Elected to the Board in 2002. Björn is independent from both the company and its major shareholders.

Kjell Duveblad, Board member

Kjell is 53 years old, M.B.A., and operates his own management and IT consulting business. Previously active in IBM and as Regional Manager of Oracle in Sweden, the Nordic region and the Baltics. Elected to the Board in 2005. Kjell is independent from both the company and its major shareholders.

Mikael Nachemson, President and CEO

Mikael is 48 years old, M.B.A. Former President of Custos AB and Öhmans Fondkommission. Mikael is independent from the company's major shareholders. Holdings in Bure: 102,400 shares directly and 1,270,400 via an endowment insurance. Other assignments: Chairman of Mercuri International Group AB, Anew Learning AB and Textilia's parent company, Länia Material AB, and board member of Avanza AB and Energo-Retea Group AB.

A description of the Board members' shareholdings and other assignments is provided on page 67.

The principles for remuneration, other terms of employment and shareholdings, etc. for the President and other senior executives are shown in Note 37 of the annual report.

Information about the auditors

Ernst & Young AB has been elected as Bure's auditing firm. Ernst & Young has appointed Björn Grundvall, 52 years old, as Auditor in Charge, and Staffan Landén, 44 years old, as Assistant Auditor in Charge.