

# Corporate governance report

## Corporate governance report for 2005

Corporate governance in Bure is regulated by Swedish law, primarily the Swedish Companies Act, and the listing agreement with the Stockholm Stock Exchange. Bure is quoted on the A list of the Stockholm Stock Exchange, 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 2005 has not been examined by the company's auditors.

## Nomination committee ahead of the 2006 AGM

On 21 October 2005 Bure announced the composition of the nomination committee, which consists of the following representatives for the largest shareholders in Bure: Henrik Blomquist (Skanditek Industriförvaltning AB), Chairman of the nominating committee, Torsten Johansson, (Handelsbanken Funds and Handelsbanken Liv), Cecilia Lager (SEB Funds) and Patrik Tigerschiöld, Chairman of Bure Equity AB.

The nomination committee has been appointed according to the instructions adopted by Bure's 2005 AGM. These instructions state that the Board Chairman, no later than 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. Company lawyer Kenneth Asplund served as Board Secretary until the end of September, after which this function has been filled by the CFO Anders Mörck.

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 2005. 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 13 meetings, six regular meetings and seven extra meetings 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. Björn Björnsson was absent from three meetings, Håkan Larsson from one regular meeting and Helena Levander from one telephone meeting. Among other things, the procedural plan contains instructions regarding the division of responsibility 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 the day-to-day operations 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 review 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.

The Board of Directors of Bure Equity AB was paid total fees of SEK 870,000, of which the Chairman received SEK 310,000. No compensation has been paid other than that resolved 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 2006 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 Stockholm Stock Exchange. A more detailed description of the company's accounting policies is provided on pages 38-41 of the annual report. The audit report for the financial year is found on page 55 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 1.2.1 of the Code, the company is required to offer its shareholders the opportunity to participate in the AGM via remote link-up. Bure has made the assessment that this is not financially justifiable at the present time.

According to section 1.4.1 of the Code, the nomination committee shall present recommendations to the chairman of the AGM. Because the instructions for the nominating committee adopted by the 2005 AGM did not specify this role, compliance will not be achieved until the coming year, provided that the next AGM adopts an instruction including this content.

According to section 3.7.2 of the Code, the company is obligated to provide information about its internal control. This information is provided in the Board's report on internal control in 2005, with application of the transitional rules announced by the Swedish Corporate Governance Board on 15 December 2005.

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 2006.

### Presentation of the Board of Directors, President and auditors

The Board has consisted of five members since the 2005 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. In the past year, Board member Kjell Duveblad also served on the board of the subsidiary Cygate AB.

### Patrik Tigerschiöld, Chairman

Patrik is 41 years old, M.B.A. and President of Skanditek Industriförvaltning AB, the company's largest shareholder. Elected to the Board in 2004. Previously active in SEB and former President of SEB Allemansfonder.

### Håkan Larsson, Deputy Chairman

Håkan is 58 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.

### Helena Levander, Board member

Helena is 48 years old, M.B.A and partner in Nordic Investor Services AB. Previously active as asset manager within SEB and Nordea, President and CIO of Odin Fonder and President of Neonet Securities. Elected to the Board in 2003. Helena is independent from both the company and its major shareholders.

### Björn Björnsson, Board member

Björn is 59 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 51 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 Baltic countries. Elected to the Board in 2005. Kjell is independent from both the company and its major shareholders.

### Mikael Nachemson, President

Mikael is 46 years old, M.B.A. Former President of Custos AB and Öhmans Fondkommission. Mikael is independent from the company's major shareholders. Holding in Bure: 11,320,000 shares and 1,360,000 warrants, owned via endowment insurance. Other assignments: Board member of Avanza AB, Mercuri International Group AB, System AB, Vittra Utbildning AB and Carl Bro A/S.

A description of the Board members' shareholdings and other assignments is provided on page 60.

The principles for remuneration, other terms of employment and shareholdings, etc., of the President and other senior executives is provided in Note 32 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, 50 years old, as Auditor in Chief, and Staffan Landén, 42 years old, as Assistant Auditor in Chief.