

CORPORATE GOVERNANCE

The Board's corporate governance report has not been reviewed by the Company's auditors.

Board members

In accordance with the Articles of Association, the Board of Directors shall consist of three to twelve board members selected by the Annual General Meeting. Obducat AB's Board of Directors has six members: Henri Bergstrand (chairman), Werner Uhlmann, Björn Persson, Ingrid Osmundsen, Lars Montelius and Tord Wingren.

The responsibilities of the Board

In compliance with the Swedish Articles of Association, the Board of Directors is responsible for the Company's organisation and administration, and for selecting the President and CEO as well as the Review and Remuneration Committees. At the Annual General Meeting, the Board shall present proposed principles of remuneration and other conditions of employment for the Board to be adopted by the shareholders' meeting. Based on these principles, the Board will decide on salary and other remuneration to the CEO. The Board holds a minimum of six meetings per year.

The work of the Board in 2008

On 18 June 2008, the Board of Directors adopted a new procedure for the Board of Directors and instructions to the President and CEO. The procedure of the Board of Directors specifies Board members' tasks, matters to be addressed and rules of procedure for board meetings. At all its meetings, the Board deals with the agenda for the meeting in question, such as approving the minutes of the previous meeting, current business situation and financial reporting. In addition, when applicable, matters such as year-end reports, interim reports, budget and liquidity as well as financing and overall issues like strategy and business intelligence are addressed.

During 2008, the Board held twenty-six minuted meetings, of which four in connection with submitting the interim reports. On one occasion during the year, the Board met with the Company's accountants without the Company's employees attending. In addition to the items on the agenda for the board meetings, the Board in 2008 dealt with a new issue of convertibles as well as listing matters in connection with the withdrawn license of the NGM, which resulted in a number of extra meetings.

The Board member's attendance is stated in the following table.

Attendance at Board meetings

Henri Bergstrand (COB)	26 (26)
Werner Uhlmann	25 (26)
Kjell Grubin*	15 (16)
Lars Montelius	24 (26)
Ingrid Osmundsen	24 (26)
Björn Persson	24 (26)
Tord Wingren**	8 (10)

* Board member until the Annual General Meeting on 18 June 2008

** Board member as from the Annual General Meeting on 18 June 2008

Code of Corporate Governance

As from 1 July 2008, a new code of corporate governance is in force, which was immediately applied by Obducat. The first corporate governance report is submitted in the Annual Report 2008.

The Audit Committee

The Audit Committee consists of Henri Bergstrand (chairman) and Werner Uhlmann. In accordance with the code of corporate governance, the Audit Committee shall consist of a minimum of three members. In view of the size of the Company and the Board, the Board decided to elect two Audit Committee members only. The main task of the Audit Committee is to address matters regarding the audit of the Group, estimating scope and direction of financial processes and the quality of the internal control. In addition to this, matters of importance for the quality of the external financial reporting are addressed as well as monitoring the work of the external auditors in order to guarantee that the work is conducted independently, objectively and cost-effectively.

The Audit Committee shall furthermore handle the process of selecting auditors.

During 2008, the Audit Committee held five minuted meetings. The Company's auditors have been present at four meetings, Werner Uhlmann at four meetings and Henri Bergstrand at all meetings.

The Remuneration Committee

The Remuneration Committee consists of Henri Bergstrand (chairman), Werner Uhlmann, and Ingrid Osmundsen. The main task of the Remuneration Committee is to ensure that the Board's principals for remuneration to the CEO and other senior executives are observed, and to propose possible changes. During 2008, the Remuneration Committee held two minuted meetings, attended by all of its members.

The Nomination Committee

The task of the Nomination Committee is to propose candidates for election as members of the Board of Directors to the Annual General Meeting for the period until the next Annual General Meeting, and to propose remuneration to such Board members. The Nomination Committee consists of Olle Bengtsson (chairman), Henri Bergstrand, Lars Montelius and Håkan Thorbjörnsson. During 2008, the Nomination Committee held five meetings.

Fees to the Board of Directors

Total fees to the Board members elected by the Annual General Meeting on 18 June 2008 were approved in the amount of SEK 175 000 to each member, and, in addition, SEK 30 000 per month to Lars Montelius in the capacity of working Board member, and SEK 60 000 per month to Henri Bergstrand in the capacity of working chairman of the Board. It was further resolved that members working outside the Company in addition to the board work shall, subsequent to a decision by the Board, receive fair remuneration.

Remuneration to senior executives

The Board of Directors makes decisions concerning salary and other remuneration to the President and CEO as well as the principles for the salaries to senior executives. The Annual General Meeting on 18 June 2008 approved the following principles for salaries to senior executives:

The Board proposes principles implying total compensation adjusted to conditions on the market, making it possible to recruit senior executives who remain with the Company. Compensation to the senior executives consists of fixed salary, flexible remuneration if any, other customary benefits and pension.

At the present time Obducat has no incentive or bonus programmes.

Internal policies

Having the share listen for trading on a regulated market means that a great number of rules and procedures must be observed, some of which are laid down by law and others stipulated in the listing agreement with NGM. In addition, there are a number of recommendations. The Obducat Board of Directors has adopted internal policies and sets of rules and regulations such as finance policy, information policy, quality policy, IT and safety policy, equal rights policy, ecopolicy and work environment policy. All policies and internal rules and regulations are reviewed on a regular basis.

Financial reporting

The Board of Directors safeguards the quality of financial reporting by carefully examining and following-up the financial reports presented to the Board by the senior

Executive Team. The financial reporting, comprising valuation matters, assessments and guidelines for the audit, is continually evaluated by the Board of Directors. Also, the Board of Directors ensures that legal matters and disputes are continually examined and looked into. The Company's auditors submit an annual report to the Board of Directors, presenting the result and comments on the principal audit areas. This report is presented orally at the board meeting addressing the year-end report, at the same time offering board members the opportunity to put questions to the auditors. Among other things, the auditors' account is expected to clarify that the Company's routines allow for a safe way to conduct the accounting, management of assets and the Company's financial circumstances.

External audit

The 2005 Annual General Meeting selected Elna Lembrér Åström, Deloitte AB, as auditor in charge, for a period of four years. The work of the auditors shall be performed according to an audit programme established jointly by the Board of Directors and the auditors. Each year the auditors inform the Board of assignments performed in addition to the normal audit, the fees of such assignments and other circumstances that could affect the judgement on the auditors' independence. The auditors shall also attend the Annual General Meeting and present its work, views and findings. At least once a year the Board of Directors shall meet with the Company's auditors without the CEO or any other member of the Senior Executive Team being present. The audit is performed in compliance with the rules and regulations of the Swedish Companies Act and the generally accepted auditing standards in Sweden, which are based on the International Federation of Accountants (IFAC) international auditing standard.

The Board of Directors' report on internal control

This part of the Corporate Governance report describes how the internal control of the financial reporting is managed in Obducat.

Control environment

Internal control over financial reporting is based on the overall control environment. The Company's internal control structure is based on a clear definition of the roles and responsibilities of the Board of Directors and the CEO, and in the operating activities. There are furthermore a number of documented policies and guidelines adopted by the Board, which are continually evaluated by the Senior Executive Team and the Board of Directors. Such governing documents are communicated through stipulated information and communication channels, and have thus been made available and known to the employees concerned.

Risk management and control procedures

Risk management in Obducat is an ongoing process within the entire organisation encompassing identification and management of various risks. During 2008 a deeper risk analysis was made, which systematically identified and classified risks based on the probability and consequences for the Company. The risk assessment and classification has been presented to and has the support of the Board of Directors. This risk assessment governs the level of risk and demand for follow-up and control procedures in order to secure the Company's business operations. Reviews are carried out on all levels within the Company, where the CEO and CFO are responsible for verifying, analysing and ensuring that the information compiled is correct and complete. Follow-up by the Executive Team is conducted through regular meetings with persons responsible for the business activities in question, the financial position and outcome as well as risks and opportunities. Among other things, the Board of Directors analyses monthly reports in which the Executive team gives an account of the past period and comments on the Company's financial position and result. This enables follow-up of important fluctuations and divergences, thereby minimising the risk of incorrect financial information.

Follow-ups and evaluation of the internal control are furthermore conducted on a regular basis within the Audit Committee together with the Company's external auditors.

During the Audit Committees meetings, any improvements that can be made are discussed with the external auditors.

Information och communication

The Company's information and communication shall be accurate, open, prompt and simultaneous to all interest groups. All external communication shall be in accordance with the NGM listing agreement. Interim reports and the Annual Report are published on the fixed date on the Company's website and via the NGM subsequent to review by the Audit Committee and the Board of Directors.

Internal governing documents in the form of policies, guidelines and manuals are available to the employees concerned via the Company's intranet.

Follow-up

Based on the ordinary current financial reporting, the Audit Committee's analyses and reports as well as the result of the external Auditors' review, the Board of Directors continuously evaluates the internal control and the quality and completeness of the financial reporting.