

Company organs and management

Geveko's corporate bodies are the Annual General Meeting, the Board, the Managing Director, and the Auditors. At the Annual General Meeting the shareholders elect the Board, which, according to the company's articles, shall consist of up to seven members and up to five deputy members. It is incumbent on the auditors, as mandated by the Annual General Meeting, to examine the accounts and the administration by the Board and the Managing Director during the financial year. The auditors submit their report to the Annual General Meeting in the form of a separate audit report.

Annual General Meeting

The Annual General Meeting (AGM) is Geveko's supreme decision-making body, in which every shareholder is entitled to participate personally or via an authorised representative. At the AGM, which is normally held in April, but in any case within six months of the end of the financial year, the shareholders adopt the annual report, decide on the date of record for entitlement to dividend and approve the dividend. The AGM elects the Board and the chairman of the Board for a period of one year and, in relevant cases, the auditors (every fourth year). The AGM also decides on the fees for Board members. As of 2007 the AGM shall also decide on guidelines for the salaries and other benefits of the company's senior management personnel.

The notice convening the Annual General Meeting is sent out no later than four weeks before the Meeting and is published in GöteborgsPosten, Svenska Dagbladet, Post & Inrikes Tidningar and on Geveko's website.

According to the Swedish Companies Act, shareholders are entitled to have items of business discussed at the AGM. In such cases the Board shall be given adequate notice. Shareholders are entitled to ask questions at the AGM.

The minutes of the AGM are available at Geveko's head office and on the company's website www.geveko.se about two weeks after the Meeting.

AGM 2006

The AGM of shareholders in AB Geveko was held on 25 April 2006, in Gothenburg. The Meeting was attended by 129 shareholders, representing around 68% of the votes. David Bergendahl, Klas Dunberger, Magnus Ergel, Tomas Landeström, and Sören Sjölander were all re-elected to the Board. Helena Levander and Ove Mattsson were elected as new members and Åsa Söderström Jerring was elected as a deputy member. Ove Mattsson was elected chairman. The AGM resolved in favour of paying a dividend of SKr 11 per share.

AGM 2007

The 2007 AGM will be held on 26 April in Gothenburg. Notice convening the Annual General Meeting will be sent out during the week beginning 19 March.

Articles of Association

According to Geveko's Articles of Association the company's business involves owning and managing shares in subsidiaries and other companies, bonds and other securities, and other therewith related activities. The company's shares can be issued in two series, "A" and "B". Each "A" share carries one vote, while each "B" share carries 1/10th of a vote. The complete Articles of Association are available on Geveko's website, www.geveko.se.

Board

The Board is accountable to the Annual General Meeting for the company's organisation and administration in accordance with the AGM's mandate and as it is incumbent on it statutorily and accord-

ing to applicable regulations and the registration contract with Stockholmsbörsen. It also has responsibility for ensuring that the company achieves the goals laid down for it by legislation, by the company's articles and by the AGM. To this end, the Board issues guidelines for general policies and strategies including the approval of business plans, and keeps itself regularly informed about the Group's financial position and the state of its business. The Board also has responsibility for appointing and discharging the Managing Director.

In 2006 Geveko's Board had seven members and two deputy members, all elected by the AGM. The members include individuals who are associated with Geveko's major shareholders - the Bergendahl foundations and the Bergendahl, Dunberger and Ergel families - as well as individuals independent of these groups. Attorney-at-law Lars Lewerth, who is a deputy member, served as secretary to the Board in 2006.

Board meetings

The Board normally meets six times a year. During the 2006 financial year the Board held eight meetings, of which six were ordinary and two extra. At these meetings the Board discussed the business situation, financial reports, liquidity and investments. In accordance with its set of procedures the Board also dealt with matters pertaining to the annual accounts, interim reports and budgets.

Attendance at board meetings

Apart from board member Tomas Landeström, who was absent from one meeting, the board members have participated in all eight meetings. The members who were newly elected at the 2006 AGM, Ove Mattsson, Helena Levander and Åsa Söderström Jerring, participated in all six meetings that took place after the AGM, except for Helena Levander, who was absent on one occasion. Other employees in the group participate in the board meetings to report on specific items of business.

	Present	Inde- pendent ¹⁾	Com- mit- tees	Remun- eration, SEK ²⁾	Shares in Geveko
Members					
Ove Mattson, Chairman	6/6	x	x	296,000	0
David Bergendahl	8/8		x	149,000	21,000
Klas Dunberger	8/8		x	167,000	51,333
Magnus Ergel	8/8		x	226,000	71,000
Tomas Landeström	7/8	x	x	191,000	1,500
Helena Levander	5/6	x	x	156,000	0
Sören Sjölander	8/8	x	x	143,000	220
Deputies					
Lars Lewerth	8/8			-	42,131
Åsa Söderström Jerring	6/6	x		125,000	0
Total remuneration				1,453,000	

¹⁾ According to the definition in "Swedish code of corporate governance".

²⁾ The amount relates to the board fee and remuneration for committee work. No other remuneration was paid over and above to this. Deputy member Lars Lewerth received SKr 740,000 for legal consultations.

Procedures of the Board

At its statutory meeting on 25 April 2006 the Board adopted a set of procedures to regulate the division of labour and responsibility

between the Board, the Chairman and the Managing Director, and an instruction for the Managing Director. The Board's set of procedures and the instruction for the Managing Director are subject to annual review by the Board. The set of procedures includes a meeting plan and calendar, agenda, decision making rules that define the Managing Director's responsibility in relation to that of the Board, and principles for reporting to the Board and keeping minutes of meetings. The Board shall in the first instance have responsibility for general and long-term business and matters that are out of the ordinary or otherwise of major importance. The Board shall regularly monitor the Managing Director's fulfilment of his responsibility for the day-to-day management.

Regular business at Board meetings

At the statutory meeting, which is held immediately after the Annual General Meeting, the Board adopts the Board's set of procedures and the instruction for the MD, and decides on authorised signatories. The Board also appoints members to the Audit and Remuneration Committees, and to the Share Council.

The Group's auditors attend the ordinary meeting of the Board in February in connection with the audit of the previous year's accounts to discuss the annual report. At ordinary meetings later in the year interim reports are approved and published.

A report is submitted to each ordinary meeting on the current state of the company's affairs. The Managing Director submits separate reports on the progress, liquidity and financing of Industrial Operations and the Securities Portfolio and on changes in net worth and the share price.

Financial year 2006

In 2006 the Board devoted a great deal of time to examining the Geveko Group's future strategic direction and its impact on the parent company's tax status as an investments trust. Regarding the Securities Portfolio, the Board decides each quarter on the strategic direction, by which is meant the weighting between shares and fixed income securities, between Swedish and foreign shares, and the weighting of different sectors.

Role of the Chairman

At the AGM on 25 April 2006 Ove Mattsson was elected as Chairman. The Chairman shall lead the activities of the Board and see to it that the Board performs its statutory duties and such duties as are incumbent upon it according to its set of procedures. The Chairman and the Managing Director shall together assure themselves that the board members receive adequate information well ahead of each meeting for all business that is presented to the Board and that requires decision.

Board fees

Board fees in 2006 totalled SKr 1,150,000. A fee of SKr 275,000 was paid to the chairman of the board, SKr 125,000 to each member and SKr 125,000 to deputy members. Remuneration of SKr 3,000 per meeting was paid for committee activities. Remuneration to external members of the Share Council amounted to SKr 25,000 for 2006.

Board evaluation of its work

The Board's work is regularly evaluated once a year. The evaluation takes the form of a survey issued to each board member. In 2006 this evaluation was carried out in March. The results of the survey were analysed by the Board, after which a number of measures relating to the Board's procedures and internal reporting were adopted.

Role of the Managing Director

The Managing Director has responsibility for the day-to-day management of the company in accordance with the guidelines and instructions issued by the Board. The Managing Director shall take such measures as are required to ensure that the company's books are kept in accordance with the law, and that its funds are administered in a satisfactory manner. The MD shall keep the Board regularly informed regarding the progress of the business by providing financial reports, forecasts and audit reports, and such other information as may be required to enable the Board regularly to assess the progress and financial situation of the company and the Group.

Audits and auditors

The auditing of limited companies is regulated by the Swedish Companies Act, which requires the auditor to examine the company's annual report and accounting records, and the administration by the Board and – if one has been appointed – the Managing Director. If the company is the parent company of a group the auditor shall also examine the consolidated financial statements and the internal relations between the companies in the group. The audit shall be as detailed and extensive as generally accepted auditing standards require. The auditor submits a separate report on the audit to the AGM.

Auditors

The role of the auditor also includes examining whether the company has fulfilled its obligations pursuant to certain key ordinances regarding taxes and fees. In connection with the audit the auditor endeavours also to propose improvements to the company's organisation, accounting practices, cost estimates and budgeting etc. In such cases, the auditor submits a separate memorandum on his observations to the company.

In 2006 the auditors participated in Geveko's Board meeting in connection with the finalisation of the accounts for 2005. Over and above this, the auditors regularly attended all the meetings of Geveko's audit committee during the year.

Ordinary auditors: Lennart Bertheden, elected deputy auditor 1989, ordinary auditor 1998, and Birgitta Granquist, elected deputy auditor 2004, ordinary auditor 2006.

Deputy auditors: Lennart Wiberg, elected deputy auditor 2000, and Bror Frid, elected deputy auditor 2006.

Committees

Nomination Committee

Pursuant to the decision made by Geveko's AGM on 25 April 2006, the names of the members of the Nomination Committee for the period until the AGM on 26 April 2007 are as follows:

Nomination Committee members:

Sigurd Walldal, former CEO of Geveko, chairman
Jarl Ergel, Honorary chairman, AB Geveko
Sören Sjölander, Professor, Chalmers Institute of Technology

The Nomination Committee shall submit proposals to the 2007 AGM for decision on the following matters:

1. Election of chairman of Meeting
2. Determination of Board fee
3. Election of chairman and other members of the Board
4. Determination of auditors' fee.
5. Election of auditors, in relevant years
6. Membership of Nomination Committee for period until 2008 AGM.

The Nomination Committee met on twelve occasions in 2006.

Remuneration Committee

Geveko's Remuneration Committee is appointed for one year at a time by the Board and in 2006 it consisted of Ove Mattsson (chairman), Tomas Landeström and Klas Dunberger. The role of the committee is to enter into agreements with, scrutinise the salary and benefits of, and attest expenditure by the Managing Director. Incentive programmes for senior management personnel also require the approval of the committee. Reports on decisions made are submitted to the next meeting of the Board. In 2006 the Remuneration Committee held three minuted meetings and ten non-minuted meetings in connection with the development of a new pensions policy for the Group's employees.

Audit Committee

Geveko's Audit Committee is appointed for one year at a time by the Board and consisted in 2006 of board members Sören Sjölander (chairman) and David Bergendahl. The Audit Committee has responsibility for the Board's regular contacts with its auditors. In 2006 the Audit Committee held four minuted meetings. Reports on decisions made are submitted to the following meeting of the Board.

Share Council

Geveko's Share Council is appointed for one year at a time by the Board and consisted in 2006 of: Jarl Ergel, Magnus Ergel, Helena Levander, Hans Ljungkvist, Berndt Magne and Johnas Lindblom. The Share Council prepares and makes recommendations to the Board regarding the strategic direction of the Securities Portfolio, by which is meant the weighting between shares and fixed income securities, and between Swedish and foreign equities in the Equities Portfolio. The Share Council is not a decision-making body.

The Share Council has at its disposal the services of outside analysts in macroeconomics and equity strategies; it also invites listed companies to make presentations. The Share Council met on six occasions in 2006.

Significant policies

The Board has adopted the following significant policies, all of which are subject to annual review.

- Information policy
- Ethical policy
- Financial policy
- Insurance policy

Code of Corporate Governance

On 1 July 2005 Stockholmsbörsen introduced a requirement that all Swedish companies with a market capitalisation in excess of SKr 3 billion should apply the Swedish Code of Corporate Governance. Companies that are not subject to this requirement can decide to comply with the Code on a voluntary basis. A company that has notified Stockholmsbörsen of its voluntary compliance may not change its mind later and apply to withdraw.

Geveko's Board has decided that the company will not comply with the Code on a voluntary basis. However, Geveko, when it deems it to be appropriate, will harmonise its activities with sections of the Code and follow up related issues annually. In 2006 an analysis was conducted into the Geveko Group's level of compliance with the requirements of the Code relating to Internal Control of Financial Reporting. Two areas are defined in the results of the analysis, "Integrity and Ethical values" and "Selection of control activities and control activities linked to risk assessment". Procedures will be amended in these two areas to enable the requirements of the Code to be met by the end of the first half of 2007.