

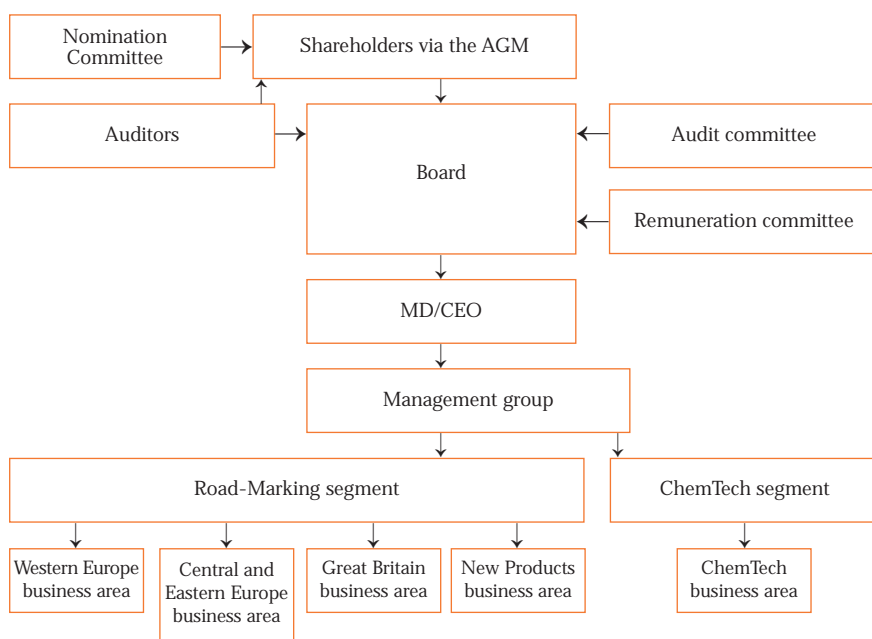
CORPORATE GOVERNANCE REPORT

AB Geveko is a Swedish public company that is listed on NASDAQ OMX Stockholm AB. Corporate governance within Geveko is based on Swedish laws, mainly the Swedish Companies Act, but also on the rules of 1 July 2008 regulating issuers on NASDAQ OMX Stockholm AB. These rules have replaced the former listing agreement

and they also include the Swedish Code of Corporate Governance that was introduced in 2005. Companies which at that time were not subject to its requirements could affiliate voluntarily. Geveko decided not to affiliate to the Code but harmonised its business to the Code when this appeared suitable.

As of the end of June 2008 the Code has applied to all listed companies. The Corporate Governance Report gives an account of corporate governance systems and practice during the 2008 financial year. The report has not been examined by Geveko's auditors.

Corporate Governance Structure



External rules

Swedish Companies Act
Accounting/bookkeeping laws
Rules regulating issuers
Swedish Code of Corporate Governance

Internal rules

Articles of association
Board procedures
Instruction for MD
Group rules/Policy documents
Accounting manual

Shareholders

According to the list of shareholders maintained by Euroclear Sweden AB (formerly VPC AB), the number of shareholders on 31 December 2008 was 3,252 (3,328). Institutional owners increased from 54% to 55% of the capital and from 62% to 63% of the votes. Shareholders registered abroad accounted for 26% of the capital and 10.2% of the votes, which is broadly unchanged on the previous year. The "A" shareholders, who together control more than 50% of the votes, have entered into a consortium agreement. A list of major shareholders is provided in the table in the section entitled Shares and Shareholders on pages 6-9.

Shares and dividend policy

Geveko's Series "B" shares are listed on NASDAQ OMX Stockholm AB's Small Cap list. The company has had 4,219,533 shares in issue since 1993, of which 720,000 are Series "A" shares and 3,499,533 are Series "B" shares. Each "A" share carries one vote and each "B" share 1/10th of a vote.

Geveko's dividend policy has been adapted into line with the change of status from that of investment trust to that of operating industrial enterprise. According to the new dividend policy, the ordinary dividend shall amount to some 50% of the profit after tax.

Company organs

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 chairman and the Board, which, according to the company's articles, shall consist of up to seven members and up to five deputy members. In 2008 the Board consisted of six members and one deputy. 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 audit report to the Annual General Meeting.

Articles of Association

According to Geveko's Articles of Association the company's business is to own and manage shares in subsidiaries and other companies, bonds and other securities, and to engage in therewith related activities. The current Articles were adopted by the Annual General Meeting held on 26 April 2007. The complete Articles of Association are available on Geveko's website, www.geveko.se.

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 through a proxy. Shareholders are entitled, according to the Swedish Companies Act, to have matters raised for discussion at the AGM. In such a case, the Board shall be given adequate notice thereof. 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 decide on the dividend. The AGM elects the chairman and the Board for a period of one year and the auditors every fourth year. The AGM also decides on their fees and also decides on guidelines for the salaries and other benefits of the company's managing director and other 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 Svenska Dagbladet and GöteborgsPosten, as well as on Post & Inrikes Tidningar's and Geveko's website.

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

AGM 2008

The Annual General Meeting of shareholders in AB Geveko was held on 24 April, 2008, in Göteborg. The AGM was attended by 114 share-

holders, representing 27.4% of the number of shares and 66% of the votes. David Bergendahl, Klas Dunberger, Tomas Landeström, Ove Mattsson and Åsa Söderström Jerring were re-elected to the board. Christer Simrén was elected to the Board. Helena Levander and Sören Sjölander were not available for re-election. Lars Lewerth was re-elected as deputy member. Ove Mattsson was elected chairman. Bror Frid and Birgitta Granquist were elected as ordinary auditors and Johan Rippe and Helen Olsson Svärdström as deputy auditors for the period until the 2012 AGM. The AGM resolved in favour of paying a dividend of SKr 6 per share.

Votes and capital represented at Geveko's AGM 2005-2008

Year	% of votes	% of capital
2008	66.0	27.4
2007	69.7	30.3
2006	68.4	30.0
2005	67.5	29.2

AGM 2009

The 2009 AGM was held on 29 April at the Radisson SAS Scandinavia Hotel in Göteborg, Sweden. Notice convening the Annual General Meeting was sent out 26 March. Information on the AGM will be published on Geveko's website.

Nomination Committee

The Nomination Committee is the AGM's organ for preparing the Meeting's decisions on elections and fees. The Nomination Committee shall have at least three members, of whom one shall be elected chairman. A majority of the Committee's members shall be independent of the company and its senior management group. The Committee's proposals shall be announced in the notice convening the AGM and on the company's website. Individual shareholders are entitled to submit nominations for membership of the Board to the Nomination Committee. In connection with the publication of the notice of AGM the Nomination Committee

shall have an account of the nominations to the Board published on the company's website.

Nomination Committee activities 2008

Prior to the 2008 AGM the Nomination Committee met on nine occasions. In consultation with the company's management the Committee assessed the work of the auditors, Öhring Price-waterhouseCoopers, on behalf of the company during the four-year period 2004-2008. The assessment was positive. After consulting the Chairman and the audit committee the company negotiated a new agreement with Öhrlings for the period 2008-2011, according to which the company's audit costs will increase at a far slower pace than the general inflation rate during the comparative period, 2003-2008. The Nomination Committee then proposed to the AGM that the present auditors be re-elected.

The Nomination Committee examined remuneration levels for the boards of a number of companies that are comparable to Geveko to enable it to submit competitive proposals for the Board fee and other benefits. The proposal to the AGM was to retain the existing level of remuneration.

Since the previous AGM Geveko had changed its status from that of investment trust to that of operating industrial enterprise. In this light, the Nomination Committee proposed that the number of board members should be reduced by one. Prior to the AGM the Committee hired and nominated one new member to the Board with experience of manufacturing industry and of industrial change processes.

In the course of its duties, the Nomination Committee consulted the chairman and the company's major shareholders.

Nomination Committee's fee

A fee of SKr 60,000 was paid to the chairman of the Nomination Committee for 2008, and a fee of SKr 40,000 to each of the other members.

Nomination Committee for period until AGM 2009

Pursuant to the decision made by the AGM on 24 April 2008, the Nomination Committee for the period until the AGM on 29 April 2009 shall consist of the following members:

Sigurd Walldal, former CEO of AB Geveko, chairman.

David Bergendahl, CEO Hammarplast-gruppen, member of the Board of AB Geveko.

Sören Sjölander, Professor, Chalmers Institute of Technology, former member of the Board of AB Geveko.

The Nomination Committee shall submit proposals to the 2009 AGM on the following matters:

- Election of chairman of AGM
- Determination of Board fee
- Election of chairman and other members of the Board
- Determination of auditors' fee
- Election of auditors

Board

In 2008 Geveko's Board consisted of six members and one deputy member, all elected by the AGM. The members include individuals who are associated with Geveko's major shareholders – the Bergendahl foundations and the Bergendahl and Dunberger families –

as well as individuals independent of these groups. Attorney Lars Lewerth, who is a deputy member, served as secretary to the Board during 2008.

Detailed information on each member of the Board is provided on pages 88-89.

(In)dependence of members on the company

Independent is defined as independent of the company, its management and its major shareholders, in accordance with the rules regulating issuers and the Swedish Code of Corporate Governance, which means that a majority of the members shall be independent in relation to the company and its senior management and that at least two members shall be independent of the company's major shareholders. As can be seen in the table below, Geveko satisfies the requirement that Board members be independent of the company. Four of the members are independent and two of the members, David Bergendahl and Klas Dunberger, are associated with a major shareholder, namely the Bergendahl foundations.

Responsibility of the Board

The Board is accountable to the AGM for the organisation and management of the company as required by these

Articles and applicable laws and ordinances. The Board also has responsibility for ensuring that the company's goals, as formulated in legislation and the company's articles and by the AGM, are realised. This means that the Board issues guidelines for overall 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 is also required to appoint and discharge the Managing Director.

Board's procedures

At the statutory meeting on 24 April 2008 the Board adopted a set of procedures that 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

Membership of the Board

Name	Elected	Independent of board and management	Shares owned	Board fee, SKr	Remuneration committee	Audit committee	Committee fees, SKr ¹⁾	Total fee, SKr
Chairman								
Ove Mattsson	2006	Yes	0	400,000	Chairman		3,000	403,000
Members								
David Bergendahl	1993	No	21,000	150,000	Member		43,000	193,000
Klas Dunberger	1989	No	51,333	150,000	Member		3,000	153,000
Åsa Söderström								
Jerring	2006	Yes	2,000	210,000 ³⁾				210,000
Tomas Landeström	2000	Yes	1,500	150,000		Chairman	3,000	153,000
Christer Simrén	2008	Yes	10,000	150,000		Member	-	150,000
Deputy member								
Lars Lewerth ²⁾	1979	-	42,131	75,000			-	75,000
Total fee				1,285,000			52,000	1,337,000

¹⁾ A fee of SKr 3,000 is paid for each committee meeting attended, over and above which no further fees are paid. ²⁾ In addition to his fee of SKr 75,000 as deputy member of the Board, Lars Lewerth received remuneration of SKr 750,000 for legal counselling. See also note 36.

³⁾ Åsa Söderström Jerring's fee includes a fee of SKr 60,000 for her membership of the board of Geveko Intelligent Transport Systems A/S.

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.

Role of the Chairman

At the AGM held on 24 April 2008 Ove Mattsson was elected Chairman. The Chairman shall manage the activities of the Board and see to it that the Board performs its statutory duties and such duties as are incumbent on it according to its set of procedures. The Chairman and the Managing Director shall together assure themselves that Board members receive adequate information on which to base their decisions well ahead of each meeting for all business that is presented to the Board.

Board meetings

The Board normally meets six times a year. During the 2008 financial year the Board held seven ordinary meetings of which one was the statutory meeting. Over and above this it held two extra meetings, as well as one meeting from which the MD was absent, pursuant to the Swedish Code of Corporate Governance. The members attendance record is shown in the table. The Board discussed the business situation, financial reporting, follow-up of business plans, investments and acquisitions. In accordance with its set of procedures the Board also dealt with matters pertaining to the annual accounts, interim reports and budgets.

Board activities

Standing items on agenda at board meetings

At the statutory meeting, which is held immediately after the AGM, the Board adopts its procedures and the instruction for the MD, as well as appointing authorised signatories. The Board also appoints members to the Audit and Remuneration Committees.

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 and on changes in the share price.

Business in 2008

In 2008 over and above the standing items on the agenda, the Board discussed the Business plan, Strategic direction, Financial targets, Dividend

policy, Organisational structure, and Acquisitions. The Board devoted a good deal of time to the future structure, working practices and organisation, partly so that they can be harmonised with the expanding business, and partly so that they support the Group's overall strategic goals and financial targets.

Attendance at Board meetings

The Board members participated in all ten meetings. Christer Simrén was elected to the Board at the 2008 AGM and participated in the Board meetings that were held after the AGM. Other employees in the group participate in board meetings to report on specific items on the agenda.

Attendance at Board meetings

Name	Board meetings	Remuneration, Committee	Audit committee
Chairman			
Ove Mattsson	10/10	3/3	
Members			
David Bergendahl	10/10	3/3	
Klas Dunberger	10/10	3/3	
Åsa Söderström Jerring	10/10		
Tomas Landeström	10/10		4/4
Christer Simrén ¹⁾	5/10		4/4
Deputy member			
Lars Lewerth	10/10		

¹⁾ Christer Simrén was elected to the Board at the 2008 AGM.

Main points on agenda at Board meetings in 2008

24 January	Business plan, organisation, financial targets.
25 February	Annual report, auditor attended, business plan, capital expenditure, acquisitions.
21 April	Meeting required by Code of Corporate Governance (MD absent).
24 April	Q1 report, Assessment of Board's activities, business plan, acquisitions.
24 April	Statutory meeting after AGM. Board procedures, and MD instruction.
10-11 June	Business plan 2009-2011, strategy and acquisitions, visit to associate company Allglass in Scotland.
25 June	Business plan – summary.
17 July	Q2 report.
19 September	Acquisitions, business plan for new products. Decision on cost-reduction programme.
27 October	Q3 report, succession planning, acquisitions.
12 December	Budget, discussion of incentive scheme.



Ove Mattsson, chairman, and Åsa Söderström Jerring, Board member.



Christer Simrén and Tomas Landeström, members of the Board.

Board's assessment of its work

The Board makes a regular assessment of its work once a year. At the request of the chairman of the Board, the chairman of the Nomination Committee interviews all members of the Board with the aid of an assessment questionnaire drawn up by the Nomination Committee. The answers to the questionnaire and comments from the interviews are compiled into a written report upon which the Board's assessment of its work is based. The Board then provides the Nomination Committee with a summary of its assessment.

The assessment covers all areas of responsibility that are incumbent on a board such as the company's goals and strategies, policies (for implementation of strategies), organisation, information and control, and group-wide decisions. The assessment also includes the Board's working procedures, membership and competence.

The assessment provides information to guide the Board's own activities and the Nomination Committee's pro-

posals for election to the Board for submission to the AGM.

In 2008, the interviews were carried out in November, after which the Board made its assessment in December.

Managing Director's responsibilities and duties

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 MD 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 on 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.

According to the MD's instruction, the MD may also, without having

a specific mandate from the Board, take measures in consultation with the chairman that, in view of the scope and nature of the company's business are unusual or of great importance, if waiting for a Board decision would be serious to the detriment of the company's business. In such a case, the Board shall be promptly notified of the measures taken.

Within the limit of the authority and responsibilities of the MD under the terms of his instruction, the MD is empowered to delegate responsibility and authority to the company's senior management personnel, and in such a case only to a person who is employed by the company.

Management group

The management group comprises the heads of Group functions, business area managers, and other senior management personnel. The MD appoints the members of the management group. In 2008 the group had 12 members. Additional information on the management group is provided on page 90.

In addition to their line responsibility for the various units in the Group, the members of the management group have responsibility for various group-wide projects, such as raw materials procurement, development projects, and IT. The role of the management group is to expedite group-wide issues and provide support for the MD and CEO. In 2008, the management group held five meetings at which mainly the business plan, organisational structure and succession plan were discussed.

Insiders

Apart from the statutory insider rules at legislative level, Geveko complies with the insider rules for listed companies and the Swedish Financial Supervisory Authority's ordinances and instructions. The official list of Insiders includes members and deputy members of the Board, the MD and CEO, auditors, members of the management group, and other senior management personnel and external contract personnel who have regular access to insider information by virtue of their position or duties. Insiders shall provide information on

their own holdings of shares and other share-related financial instruments in the company as well as holdings of related parties. Changes in such holdings shall also be reported.

Audits

The auditing of limited companies is regulated by the Swedish Companies Act, which requires the auditor to examine the company's annual report and bookkeeping 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. In 2008 the audit was expanded also to include a general examination of the interim report for the period January-September 2008.

Auditors

The auditor shall also examine whether the company has fulfilled its obligations pursuant to certain central ordinances pertaining to taxes and excise duties. Arising out of the audit the auditor also endeavours to propose improvements to the company's organisation, accounting, cost estimating, budgeting etc. The auditor then submits a separate report on his observations to the company. In 2008, the auditors participated in Geveko's Board meeting in connection with the presentation of the year-end accounts for 2007. They also attended every meeting of Geveko's Audit Committee regularly during the year. Information on the auditors is provided on page 89.

Board committees

At its statutory meeting each year the Board appoints a Remuneration Committee and an Audit Committee. The Board appoints the members and the chairman of each committee.

Remuneration Committee

Geveko's Remuneration Committee is appointed for one year at a time by the Board and in 2008 it consisted of

Ove Mattsson (chairman), David Bergendahl and Klas Dunberger, all members of the Board. The role of the committee is to enter into agreements with, scrutinise the salary and benefits of, and attest expenditure by the Managing Director. Its approval is also required for incentive schemes for the MD and other senior management personnel. Reports on decisions made are submitted to the next meeting of the Board. In 2008 the Remuneration Committee held three minuted meetings.

Audit Committee

Geveko's Audit Committee is appointed for one year at a time by the Board and consisted in 2008 of Tomas Landeström (chairman) and Christer Simrén, both members of the Board. The Audit Committee has responsibility for the Board's day-to-day contacts with its auditors. In 2008 the Audit Committee held four minuted meetings. Reports on decisions made are submitted to the following meeting of the Board.

Guidelines for salary and benefits of Group management

The Board's fees for the coming financial year are decided each year by the AGM. For 2008, the AGM established a total Board fee of SKr 1,225,000, of which the chairman should receive SKr 400,000, each member SKr 150,000 and the deputy member SKr 75,000. See also the table headed Membership of the Board 2008 on page 82.

During the year, the Remuneration Committee submitted proposals to the Board regarding conditions for the variable pay component of the MD and other management personnel. Principles for the salary and benefits of the MD for the 2008 financial year – fixed salary component and conditions for the variable component – have been decided by the AGM. Details regarding the salary and other benefits of the MD and other management personnel are provided in the table on page 86.

The Board will propose to the AGM on 29 April 2009 the following guidelines for salary and other benefits for the MD and other management personnel.

The company shall aim to offer a

competitive remuneration package. The criteria this decision shall be based on are importance of the duties, competence requirements, experience and performance, and the remuneration shall consist of the following components: fixed basic salary, variable salary component, pension benefit, other benefits and severance conditions.

Managing director and CEO

A variable salary component of up to 40% of the fixed salary can be paid, on the basis of achieved results. No specific Board fee is paid. Pension becomes payable at the retirement age of 65, in addition to which a temporary pension of 50% of the leaving salary can be paid from 60 years of age on the initiative of the employer or, on the employee's initiative from 62 until normal retirement age is reached. Notice of termination on the company's side is 12 months. In addition, severance pay of 12 months' salary is payable, from which is deducted remuneration from gainful employment for another employer. There are no options and share-related incentive schemes. The MD's holding of options was not issued by Geveko.

Other senior management personnel

Basic pension benefits in Sweden are provided under the ITP plan, in addition to which there is a defined premium pension. All in all, the total cost shall not exceed 36% of the annual salary. Retirement age shall be 65. Foreign subsidiary companies adhere to the pension plans that are customary in each country. The maximum variable salary component is 40% of the fixed annual salary and is based on the result achieved in relation to agreed individual performance levels. Salary during notice and severance pay for a senior management employee together may not amount to more than 24 months' salary.

Incentive scheme for senior management personnel and other key individuals

There were no options and share-related incentive schemes in 2008.

The Board of Geveko has decided to propose to the 2009 AGM that a share-related incentive scheme be introduced for around 20 senior

management personnel and other key individuals. The offer consists of up to 100,000 options with a term of around four years.

The options may be acquired at market price by the participants in the scheme. Each option entitles the owner to subscribe to one "B" share in the company. The scheme entitles each participant to a guaranteed allotment of between 2,500 and 15,000 options.

The subscription price shall be set at an amount that corresponds to 110 per cent of the average transaction price for the "B" shares on NASDAQ OMX Stockholm's price list during the period between 30 April 2009 and 14 May 2009 inclusive. Further information on the option offer was provided in the Notice of AGM, which was published on 26 March 2009.

Board fee 2008

The fee paid to the members of the Board who are elected by the AGM is decided by the AGM on the proposal of the Nomination Committee. The total fee paid to the members of the Board in 2008 amounted to SKr 1,225,000. A fee of SKr 400,000 (400,000) was paid to the chairman, and of SKr 150,000 (150,000) to each of the other members. Remuneration for committee work was paid at a rate of SKr 3,000 per meeting. The Company Secretary, who is also deputy member of the Board, received a board fee of SKr 75,000 (0) plus fees based on approved invoices for legal consultations.

Guidelines and policy documents

The Board has established policy documents that are subject to review each year. Examples include the Board's Set of Procedures, the Instruction for the Managing Director, Finance Policy, Insurance Policy, Pension Policy, Information Policy and Ethical Policy.

Departures from the Code

Code § 4.2

The Code stipulates that a deputy to a Board member elected by the AGM shall not be appointed. Geveko's Board consists of six members and one deputy member. The deputy member is the Company Secretary and should, in the view of the Board, therefore not be an ordinary member.

Fees to the Board

Name	Function	Board fee, SKr	Committee fee, SKr	Total fee, SKr
O Mattsson	Chairman	400,000	3,000	403,000
D Bergendahl	Member	150,000	43,000	193,000
K Dunberger	Member	150,000	3,000	153,000
T Landeström	Member	150,000	3,000	153,000
C Simrén	Member	150,000	-	150,000
Å Söderström				
Jerring	Member	210,000 ¹⁾	-	210,000
L Lewerth	Deputy member	75,000	-	75,000
Total fee		1,285,000	52,000	1,337,000

¹⁾ The fee paid to Åsa Söderström Jerring includes SKr 60,000 being the fee for membership of a subsidiary company's board, Geveko Intelligent Transport Systems A/S.

Salaries and benefits of management group

	Basic salary	Variable salary	Total salary	Other benefits	Pension costs	Total salary and benefits
Managing director	2,193,415	-	2,193,415	103,550	1,123,623	3,420,588
Other members of Management group	9,363,736	611,711	9,975,446	713,399	1,585,911	12,274,756
Total salaries and benefits	11,557,151	611,711	12,168,861	816,949	2,709,534	15,695,344

In 2008, the salary and benefits, i.e. basic salary, variable salary component, pension and other benefits of the management group amounted to SKr 15.7 million. No salary or other benefits were paid for duties on behalf of subsidiary or associate companies. The management group consists of the managing director and eleven other individuals. Further information is provided in Notes 3 and 36.

Fees to auditors

	Group		Parent company	
	2008	2007	2008	2007
Audit				
PricewaterhouseCoopers	2,470	1,698	230	265
Other	851	857	-	-
	3,321	2,555	230	265
Other assignments				
PricewaterhouseCoopers	2,366	1,870	334	557
Other	109	129	-	28
	2,474	1,999	334	585
Total fees	5,796	4,554	564	850

Information regarding the fees paid to the auditors is also provided in Note 5.

Code §10.1

The Audit Committee consists of two members, which is fewer than the minimum of three stipulated in the Code. Since Geveko is one of the smaller companies on NASDAQ OMX Stockholm and Geveko's Board only has six members it is the Board's

opinion that to have only two members on the Audit Committee is adequate.